

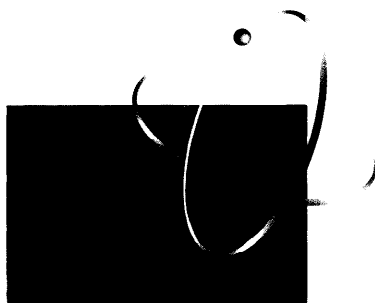


Maju Bersama



Maybank

Together Onward



Group Mission

The leading provider of financial services meeting the different needs of our targeted customers through an efficient and integrated Group.



Cover

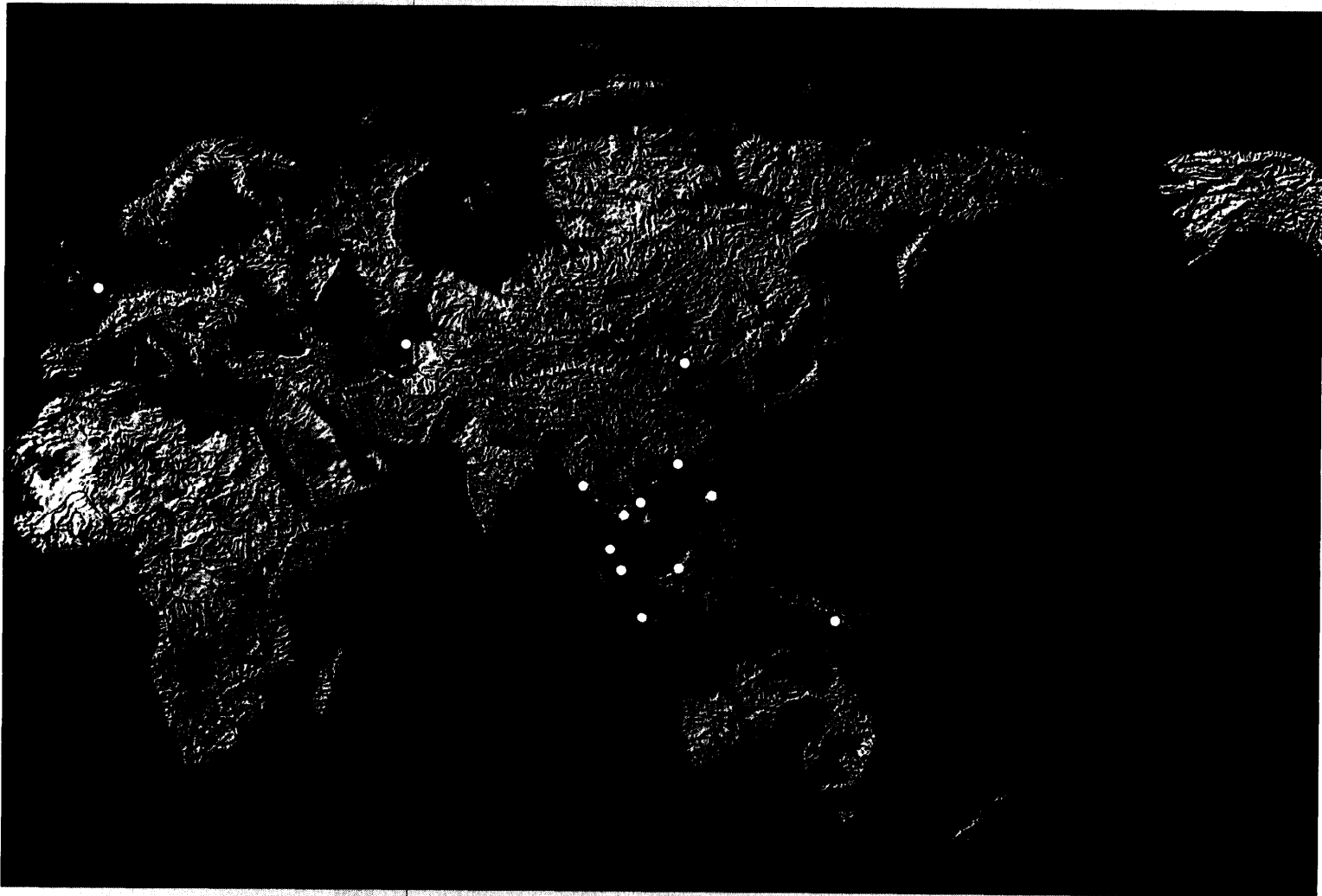
The Maybank Group's commitment of moving Together Onward uses both human and technology factors. The interaction of people with technology will propel the Group into the new millennium as Malaysia's largest financial institution.

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■ Maybank has led the Malaysian banking industry in the international arena with the establishment of offices in key financial centres, regionally and internationally.

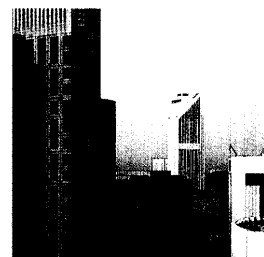
Maybank Offices Worldwide

Rangkaian Pejabat Maybank Seluruh Dunia

Maybank Offices Worldwide
Rangkaian Pejabat Maybank
Seluruh Dunia

MAYBANK

MALAYSIA – 263 Branches • SINGAPORE – 22 Branches • BRUNEI DARUSSALAM – 3 Branches • HONG KONG – 1 Branch • UNITED KINGDOM – 1 Branch • UNITED STATES OF AMERICA – 1 Branch • CAMBODIA – 1 Branch • VIETNAM – 1 Branch and 1 Representative Office • UZBEKISTAN – 1 Representative Office • PEOPLE'S REPUBLIC OF CHINA – 1 Representative Office • MYANMAR – 1 Representative Office



MAYBANK GROUP NETWORK

ASEAMBANKERS MALAYSIA BERHAD – 1 Branch • ASEAM CREDIT SDN BHD – 2 Branches • ASEAMLEASE BHD – 2 Branches • MAYBAN ASSURANCE BERHAD – 20 Branches • MAYBAN DISCOUNT BHD – 1 Branch • MAYBAN FACTORING BHD – 2 Branches • MAYBAN FINANCE BHD – 100 Branches • MAYBAN FUTURES SDN BHD – 1 Branch • MAYBAN INTERNATIONAL TRUST (LABUAN) BHD – 1 Branch • MAYBANK INTERNATIONAL (L) LTD – 1 Branch • MAYBANK (PNG) LTD (PAPUA NEW GUINEA) – 2 Branches • MAYBAN LIFE ASSURANCE BHD – 1 Branch • MAYBAN MANAGEMENT SDN BHD – 1 Branch • MAYBAN PROPERTY TRUST MANAGEMENT BHD – 1 Branch • MAYBAN SECURITIES BHD – 1 Branch • MAYBAN TRUSTEES BHD – 1 Branch • MAYBAN VENTURES SDN BHD – 1 Branch • MAYBAN INVESTMENT MANAGEMENT SDN BHD – 1 Branch • MAYBANK PHILIPPINES INC (PHILIPPINES) – 60 Branches • PT BANK MAYBANK NUSA INTERNATIONAL (INDONESIA) – 1 Branch



Maybank At A Glance

Maybank was incorporated on May 31, 1960 and commenced operations on September 12, 1960. It was listed on the Kuala Lumpur Stock Exchange on February 17, 1962.

Maybank has, since its incorporation, aggressively expanded to become Malaysia's largest bank. It has maintained its leadership role in fulfilling its original aim of being a dynamic agent of change in financing business expansion and national economic growth. Maybank has also since emerged as the nation's largest financial services group with a network that spans 13 countries.

Leadership In Innovative Services

The Maybank Group has always strived to introduce innovative services to enhance customer convenience through the use of technology. It led the way in the innovative use of technology and product development when in 1979, it became the first Malaysian bank to embark on a computerisation programme. The following are some milestones:-

ATM

The first bank in Malaysia to implement the use of Automated Teller Machines (ATM) and to establish a shared ATM network with its subsidiaries.

Kawanku Phone Banking

The first local bank to introduce a telephone banking service in 1991 which allows customers to conduct their banking transactions as well as pay utility bills, amongst others, through the telephone.

Desktop Banking

Introduced the Desktop Banking system, which allows corporate customers to carry out banking transactions using personal computers at their offices.

MASET

Introduced in 1997, MAS Electronic Ticketing (MASET) marked the first ticketless travel convenience for domestic flights on Malaysia Airlines. It was later expanded to include flights to Singapore. Maybank and Mayban Finance ATM cardholders enjoy the convenience simply by making a confirmed booking with the airline and then effecting payment through Kawanku ATMs.

Bankassurans

The first bank in South East Asia to offer a personalised financial planning service at no cost to customers. Specially trained Financial Executives at Maybank branches help assess customers' financial needs and then recommend a combination of insurance and other banking packages to help customers plan their financial future, wisely.

Cross-Banking Transactions

In order to provide greater convenience through Maybank Group's combined network strength, cross-banking transaction services were introduced in 1997 which enable Maybank and Mayban Finance customers to carry out certain banking transactions at either Maybank or Mayban Finance branches.

Kawanku ONLINE

Kawanku ONLINE offers two new ways of conducting banking transactions, shares trading and bill payments through personal computers or a hand-held Electronic Terminal (ET). Either mode allows customers to bank on the move from anywhere in the world.

Maybank's strength is reaffirmed by its achievements over the years both within Malaysia and from abroad:

- 1991 :** Association of the Computer Industry Malaysia (PIKOM)-Computimes "IT Organisation of the Year" Award.
- 1992 :** Asian Institute of Management Award for "Information Technology Management".
- 1993 :** Euromoney Awards for Excellence – Best Bank in Malaysia for its impressive profitability and innovation.
- 1995 :** Euromoney Awards for Excellence – Best Domestic Bank in Malaysia for its impressive return on equity.
- 1995 :** Asian Institute of Management Awards for "General Management".
- 1996 :** Euromoney Awards for Excellence – Best Domestic Bank in Malaysia for increasing profitability and a healthy return on equity.
- 1996 :** Asiamoney Award for being voted one of the Best Managed Companies in Malaysia.
- 1997 :** Asian Banking Digest Awards -Winner for outstanding progress in regional expansion.
- 1997 :** Asiamoney Award for the Best Managed Company in Malaysia.
- 1997 :** Asiamoney Award for the Best Bank in Currencies in Malaysia.
- 1997 :** Asiamoney Award for Malaysia's Commercial Bank of the Year.
- 1998 :** Finance Asia Award for Best Domestic Commercial Bank.
- 1998 :** Asiamoney Award for being voted one of the Best Managed Companies in Malaysia.
- 1999 :** Global Finance Award for Best Domestic Bank in Malaysia.

Financial Highlights

Results (RM Million)	The Bank		The Group	
	1999	1998	1999	1998
Net interest income	2,451	3,050	3,460	4,040
Net income'	3,443	3,878	4,720	5,087
Operating profit	2,447	2,761	3,283	3,460
Profit before taxation	869	623	1,011	553
Profit after' taxation and minority interest'	810	260	970	130
Dividends	199	123	199	123

Selected Balance Sheet Items (RM Million)

Cash and short-term funds	9,244	6,985	10,193	6,967
Dealing and investment securities	11,115	10,356	20,390	17,611
Loans and advances	57,489	56,277	76,301	77,852
Total assets	87,592	66,936	117,497	114,514
Deposits from customers	57,581	51,894	77,551	70,025
Total liabilities	79,695	79,713	108,014	105,849
Shareholders' Funds	7,897	7,223	9,217	8,407
Commitments and contingencies	60,599	69,689	68,384	76,696

Capital Adequacy Ratios (%)

Core capital ratio	12.03	11.21	10.21	9.38
Risk-weighted capital ratio	14.74	14.47	14.81	14.27

Financial Ratios (%)

Net income per ordinary share (RM)	1.49	1.70	2.04	2.22
Net return on average shareholders' funds	10.71	3.66	11.01	1.56
Net return on average assets	0.93	0.31	0.84	0.11
Loans and advances to deposits	99.84	108.45	98.39	111.18

Share Information

Number of ordinary shares in issue ('000)	2,308,661	2,286,828	2,308,661	2,286,828
Earnings per share				
– Basic	35 sen	11 sen	42 sen	6 sen
– Fully diluted	35 sen	–	42 sen	–
Dividend rate	12.0%	15.0%	12.0%	15.0%
Dividend cover	4.07	2.11	4.87	1.05

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting (AGM) of the Shareholders of **Malayan Banking Berhad (3813-K) (Maybank)** will be held at the 51st Floor, **Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur** on **Saturday, October 30, 1999** at **11 .00 a.m.** for the purpose of transacting the following **Business:-**

AS ORDINARY BUSINESS

1. To receive the Reports of the Directors and Auditors and the Statutory Statements of Accounts for the Financial Year ended June 30, 1999.
2. To declare a final dividend of 9% less 28% income tax as recommended by the Board.
3. To re-elect the following directors who are retiring by rotation in accordance with Article 96 of the Articles of Association of Maybank and being eligible have offered themselves for re-election:-

- i) Dato' Mohamed Basir bin Ahmad
- ii) Haji Mohd Hashir bin Haji Abdullah
- iii) Dato' Mohd Salleh bin Hj. Harun

4. To consider and if thought fit, pass the following Resolution in accordance with Section 129 (6) of the Companies Act, 1965:-

"That Dato' Richard Ho Ung Hun retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed a director of the Company to hold office until the next Annual General Meeting. "

5. To re-appoint Messrs. Salleh, Leong, Azlan & Co as Auditors to hold office until the conclusion of the next AGM in year 2000 and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Ordinary Resolution:

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and they are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant Regulatory Authorities being obtained for such issue and allotment. "

By Order of the Board,

Datin Shafni Ahmad Ramli
Company Secretary

Kuala Lumpur
October 14, 1999

Notes

A Member entitled to attend and vote at the 39th AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote instead of him. A proxy shall be a Member of the Company an Advocate, an approved Company Auditor or a person approved by the Registrar of Companies.

Resolution 1

Resolution 2

Form of Proxy of a corporation shall be given under its Common Seal.

Duly completed Form of Proxy must be deposited at 74th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM

Resolution 3

Resolution 4

Resolution 5

For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

For scripless, only members registered in the Record of Depositors on or before 12.30 p.m. on October 27, 1999 shall be eligible to attend the AGM.

NOTE ON SPECIAL BUSINESS

Resolution 6

The proposed Ordinary Resolution 8 if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority will expire at the next AGM of the Company

Resolution 7

CLOSURE OF BOOKS

Subject to the approvals of the Shareholders at the 39th AGM, a final dividend of 9% less 28% income tax will be paid on November 20, 1999 to Shareholders registered in the Register of Members at the close of business on November 5, 1999.

Notice is hereby given that the Register of Members will be closed from November 6, 1999 to November 10, 1999 for the determination of shareholders' entitlements to the final dividend.

A Depositor shall qualify for the entitlements to the final dividend only in respect of:-

Resolution 8

a. Shares transferred to the Depositors' Securities Accounts in respect of ordinary transfers before 12.30p.m. on November 5, 1999.

b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange



Managing Director
Datuk Amirsham A Aziz
P.J.N.

Chairman
Dato' Mohamed Basir bin Ahmad
J SM., D.P.C M.

Executive Director
Dato' Mohd Salleh bin Hj. Harun
D.S D.K.

Vice Chairman
Dato' Richard Ho Ung Hun
D.P.M P

Executive Director
Dato' Ismail Shahudin
D P.C.M

Corporate Information and Board Of Directors

Maybank

(Incorporated in Malaysia in 1960)

Registered Off ice

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Telephone : 03-230 8833

Telex : MA 30438

Facsimile : 03-230 2611

Cable : MAYBANK

SWIFT : MBBEMYKLA

Website : <http://www.maybank.com.my/maybank>

E-Mail : maybank@po.jaring.my

Registrar

Maybank

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Listed On

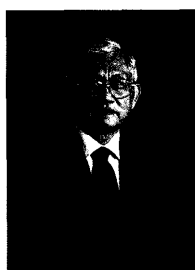
The Kuala Lumpur Stock Exchange
Main Board on February 17, 1962

Company Secretary

Datin Shafni Ahmad Ramli
28, Jalan SS3/80
Ladang Seaport
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

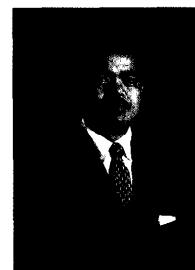
Auditors

Salleh, Leong, Azlan & Co.
Public Accountants



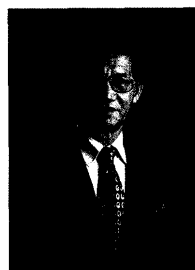
Member

Raja Tan Sri Muhamad
Alias
bin Raja Muhd. Ali
*P.J.K., P.P.T., K.M.N., S.M.P.,
J.M.N., D.P.S.K., D.I.M.P.,
D.P.J., P.S.M., S.J.J.*



Member

Dato' Mohd Hilmey bin
Mohd Taib
S.M.P., D.I.M.P.



Member

Haji Mohd Hashir
bin Haji Abdullah
J.M.N., S.M.S., P.P.T.



Member

Mohammad
bin Abdullah



Member

Teh Soon Poh



Member

Md Yusof bin Hussin
(Resigned with effect from June 16, 1999)

Maybank Management



From left/*Dari kiri:*
Managing Director
Datuk Amirsham A Aziz

Executive Director,
Banking
Dato' Ismail Shahudin

Executive Director,
Finance & Services
Dato' Mohd Salleh bin
Hj. Harun



From left/*Dar, kiri:*
Senior General Managers

Spencer Lee Tien Chye
(Singapore Operations)

Hooi Lai Hoong
(Finance & Treasury)

Md. Agil Mohd Natt
(Corporate Banking)



General Managers

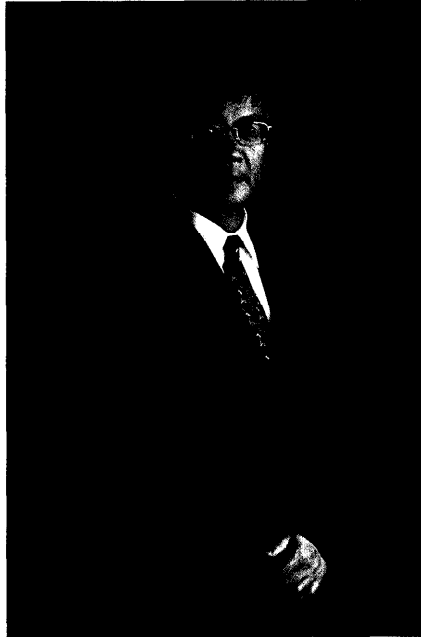
Seated from left/*Duduk dari kiri*: Tong Hon Keong (Information Systems), Choo Yee Kwan (International Banking/Group Remedial Management), Abdul Aziz Peru Mohamed (Consumer Banking),
Standing from left/*Berdiri dari kiri*: Mohd Zaini Kamarudin (Branch Operations), Johar Che' Mat (Commercial Banking), Azizan Ahmad (Human Resource), Zulkiflee Abbas Abdul Hamid (Credit Control)



Assistant General Managers

Seated from left/*Duduk dari kiri*: Richard Chang Wah Choong (Internal Audit), Syed Mahadzir Syed Ismail (Forex & Money Market), Ong Cheng Sng (Services, Singapore), Lee Hong Kim (Operations, Singapore), Ibrahim Hassan (Treasury)
Standing from left/*Berdiri dari kiri*: Loh Oun Hean (Planning & Resources, Singapore), Baharil Ihzan Hashim (Property)

Group Management



Datuk Amirsham A Aziz

Managing Director

Datuk Amirsham A Aziz

**Head, Asset Management/
Trustees/Custody**

Dato' Mohd Salleh bin Hj. Harun

Head, Banking

Dato' Ismail Shahudin

Head, International

Spencer Lee Tien Chye

Group Financial Controller

Hooi Lai Hoong

Head, Investment Banking

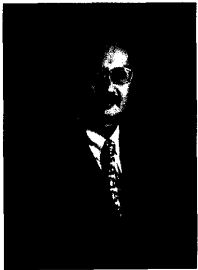
Dato' Mohammed Hussein

Head, Insurance

Ahmad Subri Abdullah

Head, Consumer Finance

Ashraf Ali bin Abdul Kadir



Dato' Mohd Salleh bin
Hj. Harun



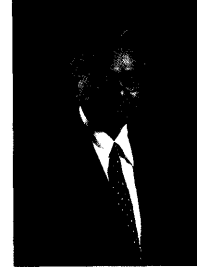
Dato' Ismail Shahudin



Spencer Lee Tien Chye



Hooi Lai Hoong



Dato' Mohammed
Hussein



Ahmad Subri Abdullah



Ashraf Ali bin
Abdul Kadir

Audit Committee of the Board



Mohammad bin Abdullah

MEMBERS

Mohammad bin Abdullah
(Chairman and Independent Non-Executive Director)

Haji Mohd Hashir bin Haji Abdullah
(Independent Non-Executive Director)

Teh Soon Poh
(Independent Non-Executive Director)



Haji Mohd Hashir bin Haji Abdullah

Dato' Mohd Hilmey bin Mohd Taib
(Non-Executive Director)

Md Yusof bin Hussin
(Non-Executive Director)
(resigned with effect from June 16, 1999)



Teh Soon Poh

Tenure of Membership

After a reasonable period not to exceed (5) five years unless circumstances require otherwise.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Size and Composition

The Committee shall consist of at least (3) three members but not more than (5) five members, appointed by the Board from amongst the non-executive directors of the Company.

Meetings

Meetings shall be held at least once a month or at a frequency to be decided by the Committee, and the Committee may invite any person to be in attendance to assist in its deliberation.



Dato' Mohd Hilmey bin Mohd Taib

The Managing Directors, Executive Directors, the Head of Internal Audit, and a representative of the External Auditors shall normally attend meetings. However, at least once a year, the Committee shall meet with the external auditors without any executive member present.

Upon the request of the Auditors, a meeting is to be convened to consider any matter that the auditors believe should be brought to the attention of the directors or shareholders.

The quorum shall be not less than (2) two.

The Company Secretary shall be the Secretary to the Audit Committee.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and all employees shall be directed to co-operate as requested by members of the Committee.

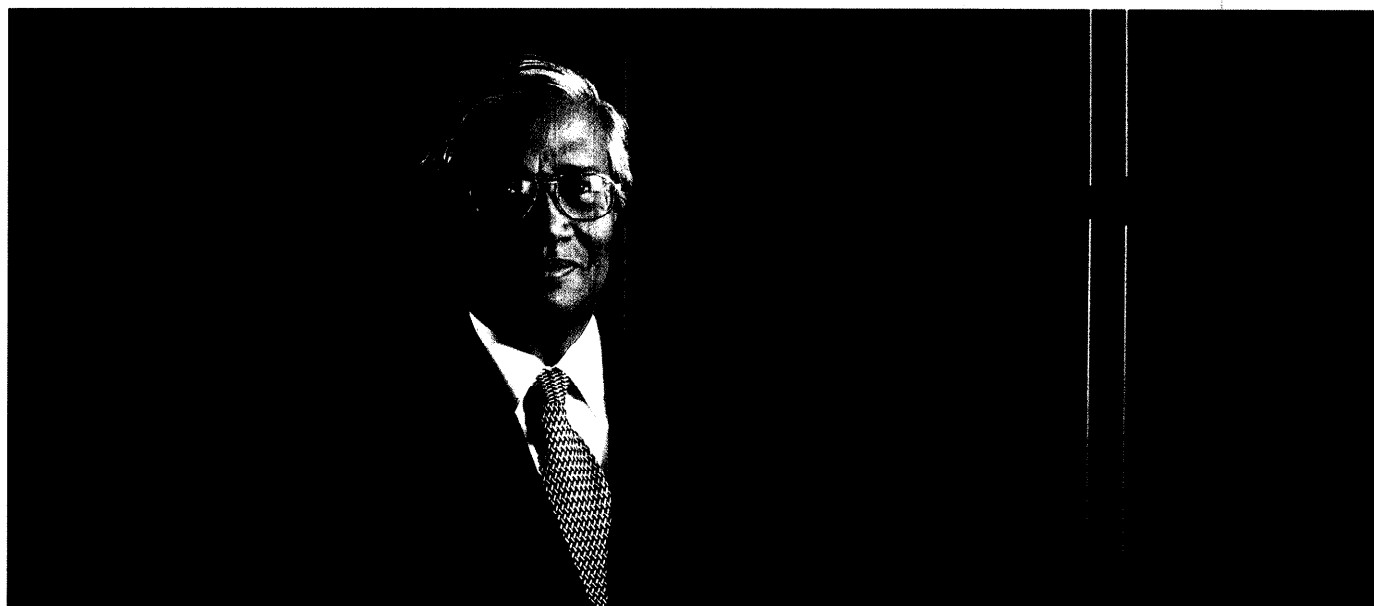
The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Company and its subsidiaries.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

Specific Duties

The duties of the Audit Committee shall be:-

1. To review Maybank's financial statements prior to submission to the Board, to ensure compliance with disclosure requirements, and the adjustments suggested by the auditors.
2. To review the internal controls, performance and findings of the internal auditors and to recommend as well as implement appropriate remedial and corrective actions regularly.
3. To make recommendations to the Board on the appointment of external auditors, the audit fee and any question of resignation or dismissal.
4. To discuss any matters arising from the previous year's audit, to review the scope of the current year's audit, the plans for carrying out the audit, the extent of planned reliance on the work of other independent auditors and the company's own internal auditors.
5. To review the changes in statutory requirements, and any significant audit problems that can be foreseen either as a result of the previous year's experience or because of new developments.
6. To review interim financial information and press releases relating to financial matters of importance.
7. To evaluate and review the role of Internal and External Auditors from time to time.
8. To review the Internal Audit Committee Reports.
9. To review any significant related party transactions that may arise within the Company or Group.
10. To review any significant transactions which are not a normal part of the Company's business.
11. To place the Internal Auditors under the direct authority and supervision of the Audit Committee and to evaluate and approve their performance and remuneration package.
12. To recommend changes in Accounting policies to the Board of Directors
13. To review the assistance given by the company's officers to the auditors.
14. To consider any matter the auditors wish to bring to the attention of directors
15. Such other responsibilities as may be delegated by the Board from time to time.



Introduction

On behalf of the Board of Directors of Maybank and the Group, I have the pleasure of presenting to you the Annual Report and Audited Accounts for the financial year ended June, 1999.

Operating Environment

We began our financial year at the height of the regional financial turmoil and the Malaysian economy, entering into recession. During the first half of our financial year, real GDP contracted by 10.6% – a magnitude unmatched during previous recessions.

Following the implementation of the National Economic Recovery Plan in the final quarter of 1998, the economy began to turn around in February 1999. By the end of our financial year, the recovery trend had become more evident. This was reflected in the strong growth of manufacturing output, a significant increase in sales of consumer durables and the upturn in import growth.

Overall Performance of the Group

With the revival of economic activities, the Group began to witness improved demand for financing, lower loan default and higher business volumes in our non-banking subsidiaries.

As a result of these positive developments pre-tax profit of the Group improved by **82.7%** to RM1,010.9 million. This translated into a gross return on average assets of 0.9% and gross return on average shareholders' funds of 11.5% against 0.5% and **6.6%** respectively in the previous financial year.

With improved earnings, the Group's capital base strengthened further. Together with proceeds from the Employee Share Option Scheme (ESOS), total shareholders' funds of the Group increased from RM8.4 billion to RM9.2 billion. The Risk-Weighted Capital Ratio as at June 30, 1999 was 14.8%.

*National Economic
Recovery Plan led to a turn
around in February 1999*

*Positive economic
developments boosted
pre-tax profit*

Chairman's Statement

Dividends

In January 1999, an interim dividend of 3% less 28% income tax was paid. The Directors are recommending a final dividend of 9% less 28% tax, giving a total dividend of 12% for the financial year ended June 30, 1999.

*Total dividend of 12%
for the year ended
June 30, 1999*

Challenges

With the economic uncertainties behind us, the Group can look forward to better business prospects. As such, we can now refocus efforts to enhance our position as the leading financial Group in Malaysia and a key player in the region.

*Focus on enhancing our
position as the leading
financial Group in
Malaysia and key player
in the region*

Notwithstanding the improving environment, the road ahead is challenging. Most industries are operating with excess capacity. This has dampened demand for credit. The financial institutions on the other hand, are now in a stronger position and flush with deposits. This has led to very stiff competition for financing.

Information Technology continues to reshape the financial services industry. It offers vast scope for information analysis, delivery efficiency, data transmission and for effective risk management. Competition is now taking on a new dimension. No longer will an extensive branch network and sizeable workforce define the strength of an institution.

*Information Technology
continues to redefine the
business*

The impending globalisation will require the domestic financial industry to become more efficient and cost effective. It will also be subjected to greater market risks. Globalisation would also demand higher capital.

Responding to the above challenges we have already initiated the following:

- (a) Refocusing from traditional banking to comprehensive financial services;
- (b) Enhancement of skills;
- (c) Leveraging on technology;
- (d) Diversification of income streams; and
- (e) Developing a strong sales culture.

Acknowledgements

On behalf of the Board, I wish to thank our customers and shareholders for their continued support and loyalty. I also wish to thank the management and staff of the Group for their dedication, commitment and sacrifice.

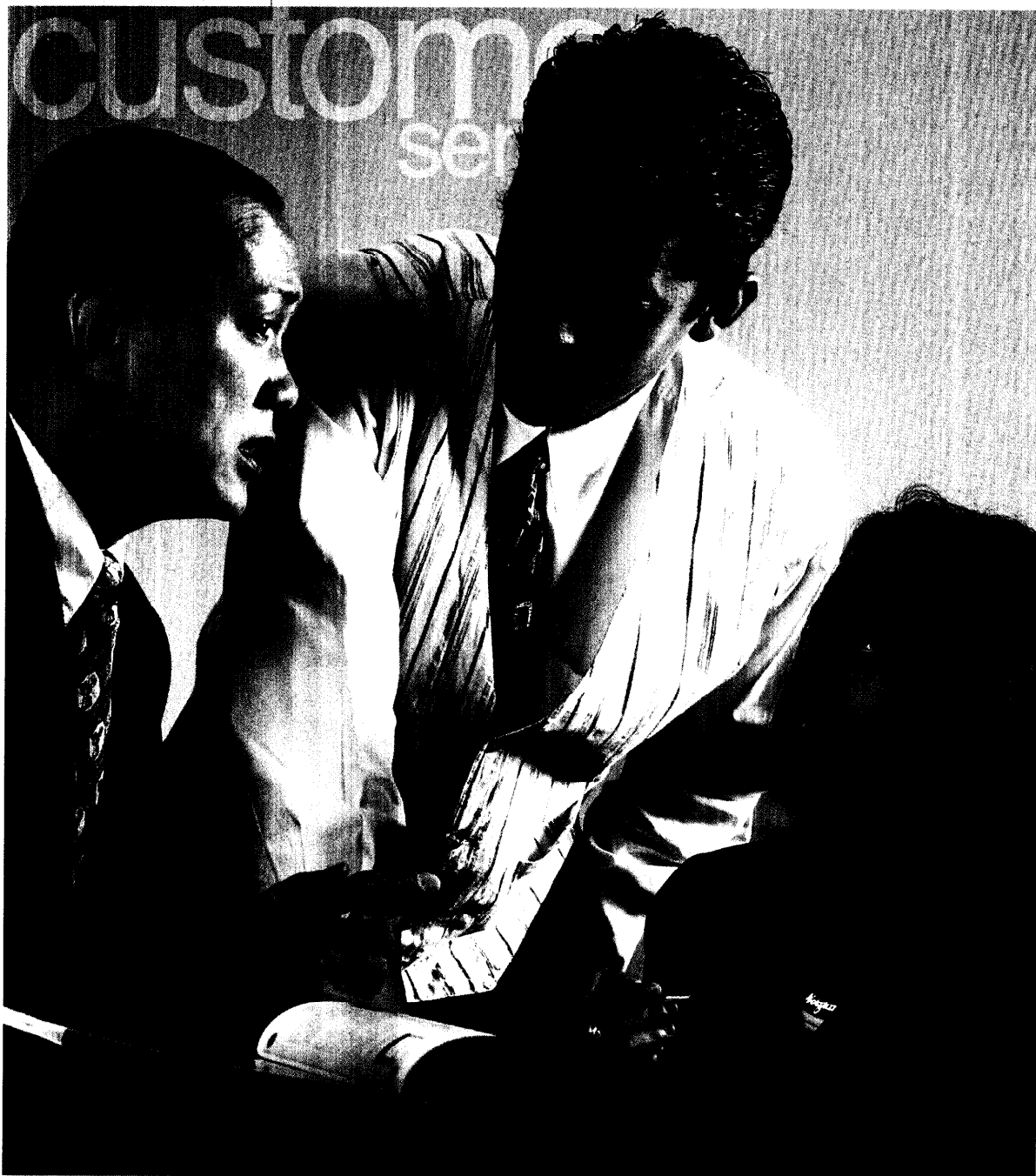
*To our customers,
shareholders,
management and staff of
the Group – Thank you*

I would also like to take this opportunity to record our appreciation to Mr. Md. Yusof bin Hussin who recently left the Board, for his valuable contribution to the Group over the past 10 years.

Finally, I wish to extend our thanks to Bank Negara Malaysia and other regulatory authorities for their continued guidance and understanding.

Dato' Mohamed Basir bin Ahmad
Chairman

October 14, 1999



Only by focusing on customers and understanding their needs can you gain their trust. That is the basis of successful banking. It's the essence of what Maybank understands by service.

Managing Director's Report

The operating environment during the review period remained challenging notwithstanding the improved macro-economic picture in the second half. Overall economic growth contracted by 7.5% in 1998. Real aggregate domestic demand which accounts for close to 40% of GDP declined by 25.9% while the value of transactions on the KLSE plunged by 71.8% in 1998. Credit facilities extended by the banking system declined by 2.0%. Only the performance of the external sector mitigated the full impact of the downturn. The merchandise account surplus rose more than six fold to RM69.3 billion compared to RM11.3 billion in 1997.

The advent of the National Economic Recovery Plan provided the opportunity for economic fundamentals to reassert themselves. Allowing for the lagged impact of the measures, Gross Domestic Product expanded by 4.1% in the second quarter of 1999. The easier monetary policy, led to a considerable easing of the liquidity crunch. The benchmark 3-month KLIBOR declined from an average 11.1% in June 1998 to around 3.3%. From the macro perspective, a more important development was the improvement in both consumer and business sentiment

The advent of the National Economic Recovery Plan provided the opportunity for economic fundamentals to reassert themselves

As for the banking system, its performance largely mirrored the economic conditions. Reflecting the business environment, the gross NPL ratio of commercial banks rose to 14.9% as at end June 1999 compared to 10.9% a year ago. As such, capital conservation and asset quality preservation concerns predominated given the relatively high though slowing growth of non-performing loans (NPLs) and fewer opportunities to expand revenue generating assets. Given the overleveraged status of the corporate sector coupled with the cautious response of the commercial segment, competition was focussed on the rather resilient retail market.

REVIEW OF GROUP OPERATIONS

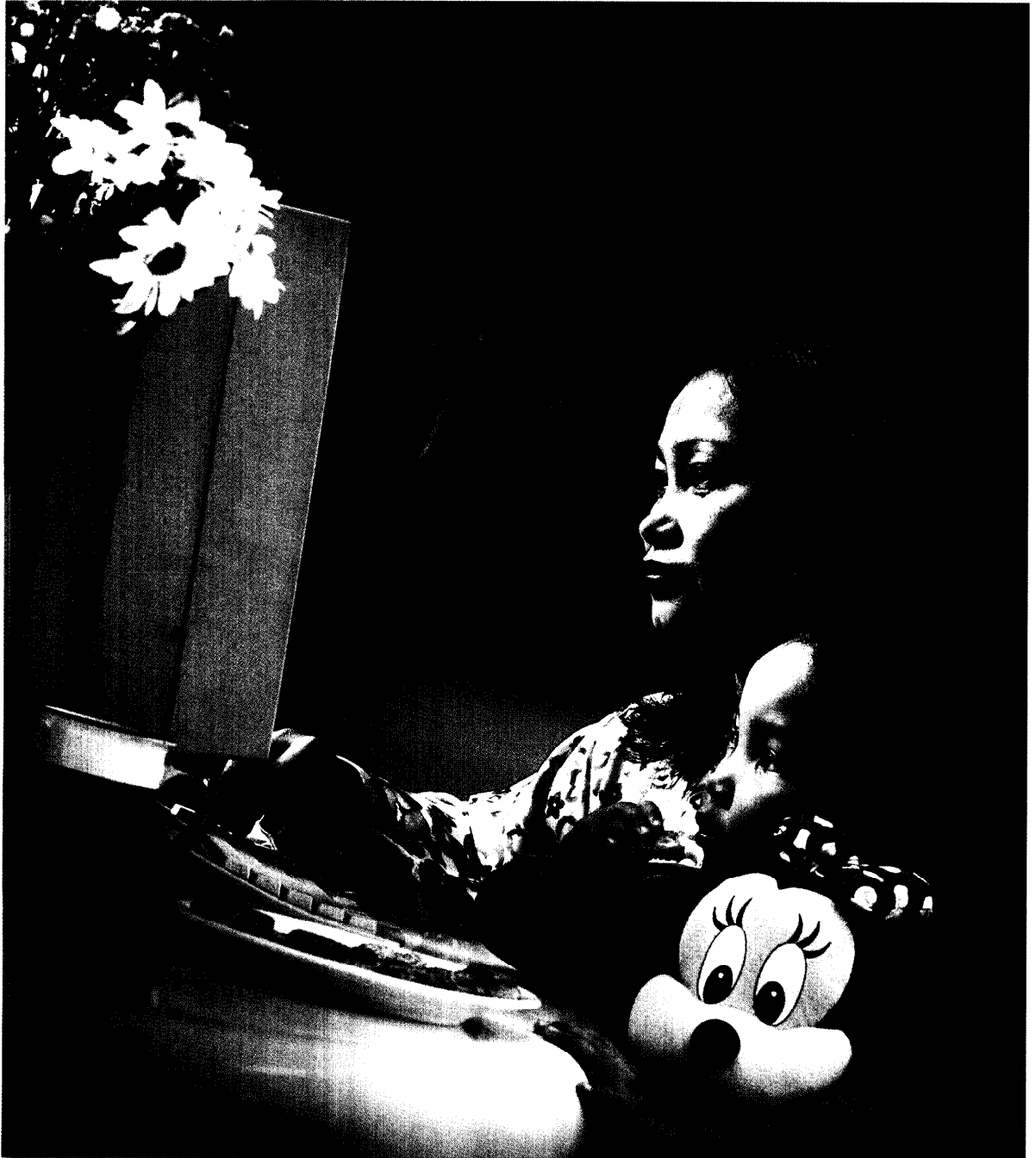
The gradual return to normalcy on the economic front enabled the Group to register an improved performance in FYE June 1999. At the pre-tax level, total profit rose by 82.7% to RM1.0 billion on account of the better results registered by practically all operating units. This translated into a Gross ROE of 11.5%.

With the exception of the merchant banking arm, all the other major subsidiaries either registered improved profitability or achieved a turnaround. In particular, Mayban Securities reversed its losses of RM53.8 million in FY 1997/98 to register a pre-tax profit of RM55.1 million while Mayban Finance and Mayban Discount notched increases of 205% and 119% respectively to RM201.6 million and RM88.3 million. Of some significance was Mayban Life's performance, as it registered its maiden pre-tax profit of RM23 million.

All major subsidiaries with the exception of merchant banking registered improved profitability

Overall profitability continued to be affected by loan loss provisions. During the year, the loan loss provisions charge of RM2,274 million at Group level amounted to 48.2% of net income. The outstanding loan loss reserves of RM6.3 billion as at June 30, 1999 afforded a coverage of 79.8% before taking into account collateral values. As the net NPL ratio showed only a marginal increase of 0.8% to 5.3% while loan recoveries/regularisations grew by 45.8%, prospects for writing back a significant portion of the provisions in the medium term, remains bright.





Banking through personal computers is one of the many conveniences offered by Maybank's extensive range of electronic banking services.

Managing Director's Report (continuation)

Continued efforts were made to reduce operational expenses in the financial year. This resulted in the cost-to-income ratio of the Group declining to 30.4% from 32% in the preceding financial year.

Total Group assets rose by RM2.9 billion or 2.6% to RM117.5 billion. On the liabilities side, customer deposits rose by a significant RM7.5 billion or 10.7%. The liquidity position of the Group therefore remained at a comfortable level with the loan-deposit ratio at 98.4%. As at June 30, 1999 the Group Capital Adequacy Ratio (CAR) stood at 14.8%.

**Group assets rose by
2.6% to RM117.5 billion**

By activity, Commercial Banking Business Unit accounted for 61% of total Group profit, followed by the Finance Business Unit with a share of 26%. The balance is attributed to the Insurance (5%) and Investment Banking (4%) Business Units.

Performance By Business Units

1. Commercial Banking Business Unit

At the Company level, Maybank registered a RM245.5 million increase in pre-tax profit to RM868.7 million. Malaysian Operations accounted for RM666.7 million and Singapore Operations RM251.4 million which is inclusive of the profits of Mayban Finance (S) following its merger with Maybank. The results of the other overseas branches were largely within expectations.

**Maybank registered a
RM245.5 million increase
in pre-tax profit to
RM868.7 million**

On account of the rapid reductions in the intervention rate in Malaysia and softer interbank rates in Singapore, the margin on interest bearing assets declined to 3% from 4% in the previous financial year.

Reflecting the efforts made to safeguard asset quality, the net NPL ratio rose by a marginal 0.5% to **3.7%** compared to the industry average of 9.5% in June 1999. The total loan loss provisions of RM4.5 billion provided a cover of 95.6%.

Gross loans expanded by RM1.9 billion or 3.2%. Malaysian Operations registered a growth of RM3.1 billion or 6.7% (adjusted for loans sold to Danaharta which totalled RM1.1 billion).

Total customer deposits rose by a significant RM5.7 billion to RM57.6 billion giving a relatively healthy loan deposit ratio of 99.8%.

Despite increased competition, the Bank was able to further strengthen its domestic franchise by securing higher loans and deposits market share.

Maybank International (L) Ltd registered higher pre-tax profits of RM17.3 million compared to RM11.6 million in FY 1997/98 due to lower funding costs and overheads. Owing to the deteriorating economic environment in Indonesia, Maybank Nusa's losses widened to RM56.4 million on account of larger provisions. As projected, Maybank Philippines incurred a loss of RM10.8 million.





global
access

Maybank's international network provides customers with global access.

Managing Director's Report (continuation)

2. Finance Business Unit

The Finance Business Unit's pre-tax profits totalled RM266 million compared to RM73 million in the previous year.

Mayban Finance's pre-tax profits rose by more than 200% to RM201.6 million. Profit growth was largely due to the significant reduction in funding costs, higher recoveries of RM414.2 million and gains from the sale of money market instruments which totalled RM57.4 million.

Although overall loans growth was negative, however, the extension of new Hire Purchase facilities saw an expansion with the economic recovery.

Non-performing loans increased though at a slower rate, resulting in a net NPL ratio of 9.9% compared to 8.1% last year. The reserve coverage stood at 49% compared to the industry average of 25.0% at end June 1999.

Mayban Finance's CAR rose to 13.45% at end June 1998 putting it in a strong position to capitalise on business opportunities.

3. Investment Banking Business Unit

Total pre-tax profit of the investment banking business unit amounted to RM40.4 million which compared favourably with the loss of RM58 million registered in the previous financial year.

Aseambankers continued to be impacted by asset quality considerations as its losses rose to RM118.8 million on account of higher loan provisions amounting to RM209 million. Notwithstanding this, Aseambankers remained well capitalised with a CAR of 14.6% as at June 30, 1999.

With the on-going realignment of business strategies to take advantage of the rising demand for investment banking services, Aseambankers is expected to register a better performance in the current financial year.

Mayban Securities reversed the losses suffered in FY 1997/98 with a pre-tax profit of RM55.1 million. The improvement was largely due to recoveries totalling RM23 million.

Business conditions in the equity market remained unconducive for the greater part of the financial year with low transaction volumes. Consequently, brokerage income declined by 7.6% as business turnover was reduced by RM1.5 billion.

At the close of the financial year, the Company was in full compliance with the prudential regulations relating to the stockbroking industry, namely the Gearing, Minimum Liquid Fund and the Capital Adequacy Ratio requirements.

Mayban Discount reported a significantly improved set of results with pre-tax profits rising 119% to RM88.3 million. This is mainly attributed to reduced funding costs and trading gains



Mayban Finance's Capital Adequacy Ratio puts it in a strong position to capitalise on business opportunities



The Group's internal mission critical systems have been Y2K remedied

Branch personnel to focus on addressing customer needs and delivering superior service quality

The Group empowered its credit card holders with secured cyber shopping capabilities

4. Insurance Business Unit

The Insurance Business Unit's pre-tax profits doubled to RM71 million from RM36 million in the previous year.

Mayban Assurance recorded a 33% increase in pre-tax profits to RM48.2 million. Underwriting profits rose 11.2% to RM31.8 million due to lower management expenses. Underwriting profit as a percentage of Net Premium Earned was nearly double that of the industry average. Despite the difficult operating environment, Gross Premium Written rose by 7.9%.

Mayban Life Assurance registered a maiden pre-tax profit of RM23 million. The intensive promotion of Bankassurance has begun to show promising results as evidenced by the 52% contribution of the scheme towards total Gross Premium Written.

Y2K Compliance

Following up on the work undertaken in FY 1997/98, multiple testing cycles were performed in FY 1998/99. As at end June 1999, the Group's internal mission critical systems have been Y2K remedied and tested. Besides the Systems focus, the preparatory efforts also involved the development and formalisation of Business Contingency and Risk Mitigation plans. This phase encompassed an assessment of customer, supplier and service providers Y2K readiness. With the intensive and closely scrutinised preparations, the transition into the new millennium is expected to be smooth. The Y2K Progress Report is submitted to the Management and Board of Directors on a monthly basis.

Customer Service

In line with the effort to improve customer service, the Branch network continued to be reconfigured. The basic objective of the exercise is to convert the traditional Branch network into customer oriented sales outlets by centralising support functions. This will free Branch personnel to focus on addressing customer needs and delivering superior service quality.

The Group also embarked on the common branding of credit cards issued by Maybank and Mayban Finance. With the resulting standardisation of card benefits and features, distinctions between the card holders of the two entities were eliminated.

Cross selling activities were further strengthened by expanding the number of Financial Executives (FEs) and Consumer Sales Officers (CSOs). To improve customer accessibility and convenience, the product range handled by these dedicated sales personnel was also expanded to include mortgages, unit trusts and credit cards.

In the area of electronic banking which is being actively promoted as an alternative distribution channel, the Group continued with the strategy of expanding the number of self service terminals particularly the network of ATMs, Passbook Update and Cash Deposit Machines. The objective is to move low value transactions away from Branch premises so as to allow Branch personnel to focus on the provision of value-added services. With the growing prominence of Internet banking, the Group was among one of the pioneer local financial institutions to empower its credit card holders with secured cyber shopping capabilities.

The architecture of the Desktop Banking facility was renovated to make it more user friendly. Based on a new Windows operating system, it allows for the faster incorporation and distribution of new features. In addition, it does not impose any restriction on PC type at the customer end and this is expected to significantly reduce the system investment costs incurred by customers.

Business procedures were also under constant review in order to improve efficiency and turnaround time. Initiatives in this regard include the standardisation of the application form for ATM cards and Phone Banking, emplacement of a complaints tracking mechanism to improve response times, re-engineering of Autodebit procedures to reduce processing time and increasing the authority limit of Branch Managers on specific issues for speedier decision making.

Community Service

In the course of the financial year, over RM8 million was contributed to deserving causes and in promoting initiatives in the fields of arts and education.

In terms of welfare activities, the Group disbursed financial assistance to meet the medical expenses of a liver transplant case while donations were also made to old folks home, orphans and poor families during major festivals. Recognising the social costs borne by families affected by the Japanese Encephalitis (JE) outbreak, the Group made a substantial contribution towards the JE Humanitarian Fund.

In the area of education, the Group undertook to donate a number of computers to various schools while academic scholarships were offered to 77 students at the various institutions of higher learning.

Reinforcing the long term commitment to promoting the arts, the Group sponsored the production of the second Maybank anthology entitled 'Cakerawala Nusantara' and Singapore Operations also sponsored a professional tutorship program for artists with disabilities.

Acknowledgements

On behalf of the Group's Management, I would like to express our sincere appreciation to all customers for their support during the testing times of the recent past. I would also like to extend our special thanks to all staff of the Group for their deep sense of commitment and dedication during the past year. As we look forward to the future with renewed optimism, I remain confident that with their continued co-operation and valuable contributions, we will be able to leverage on our combined resources to sustain the Group's leadership position in the new millennium.

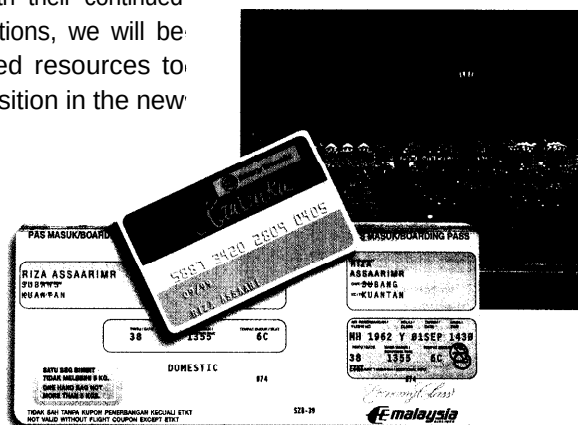
Datuk Amirsham A. Aziz
Managing Director

October 14, 1999

Constant review of business procedures to improve efficiency and turnaround time



Sustaining the Company's leadership position into the new millennium



Group Corporate Highlights



1998

July 1998

1 A signing ceremony on the proposed acquisition of Amanah Finance Malaysia Berhad by Mayban Finance Berhad was held at Menara Maybank.

The Maybank Group signed an agreement with Majlis Perbandaran Kuantan (MPK) to enable customers to pay their MPK assessment fees using Maybank Kawanku Phone Banking facility.

August 1998

Maybank and the Malaysian Press Institute jointly organised a two day seminar on Financial Crime Reporting. About 25 participants from the various media attended the seminar.

Maybank Group made its annual donation of RM36,500 to Zoo Negara for the upkeep of two Sumatran Tigers and four Fish Owls. The cheque was presented by Vice Chairman of Maybank, Dato' Richard Ho to the president of the Malaysian Zoological Society, Tan Sri Khir Johari.

September 1998

Maybank Group under the Maybank Bankassurans umbrella, was appointed the official insurer for the Kuala Lumpur '98 XVI Commonwealth Games providing insurance coverage worth over RM5 billion to all participating athletes, officials and volunteers of the Games.

A total of 50 out of 114 staff who had served 10 years with the Bank received their long service awards comprising a gold medal and certificate each from Maybank Chairman, Dato' Mohamed Basir bin Ahmad at a ceremony held at Menara Maybank.

October 1998

The 38th Annual General Meeting of the shareholders of Maybank was held at Menara Maybank.

2 A total of 186 out of 229 local and overseas staff who had served 20 and 30 years in the organisation were honoured with the presentation of a gold medal and certificate each at a Long Service Award presentation ceremony.



3 Mayban Finance Berhad launched the third season of "Segmen Harapan" aired over the "Malaysia Hari Ini" programme on TV3. The programme is aimed at helping poor families in cash and kind.

4 The Chairman of Maybank, Dato' Mohamed Basir bin Ahmad presented scholarship awards to 42 recipients pursuing their undergraduate degree programmes in various courses at tertiary institutions across Malaysia. Maybank had allocated RM700,000 for the scholarship programme for 1998 as part of its commitment as a responsible corporate citizen.



5 In conjunction with the Deepavali festive celebration, Maybank Group donated computers, goodies and cash worth RM25,000 to orphans and underprivileged children from eight organisations in Klang Valley.

6 Maybank hosted dinner for a delegation comprising 200 editors and journalists from Commonwealth countries who were attending a four-day Commonwealth Press Union conference in Kuala Lumpur.

7 The Maybank Group, for the 13th consecutive year, recognised the hardwork and effort put in by the children of its staff who achieved excellent results in their 1997 Sijil Pelajaran Malaysia and Penilaian Menengah Rendah examinations by presenting them with Academic Excellence Awards.



November 1998

Maybank was one of the two pioneer banks involved in the introduction of the National Secure Electronic Transaction (SET) Payment Gateway, launched by Malaysian Electronic Payment System Sdn Bhd (MEPS).

8 Mayban Finance Berhad won the Anugerah Kristal award under the community project category in recognition of its "Segmen Harapan" series aired over the "Malaysia Hari Ini" programme on TV3. The award was given by the Institute of Public Relations Malaysia (IPRM).

9 The ground breaking ceremony for the new Maybank Headquarters in Singapore was graced by His Excellency Dato' Haji Salim bin Hashim, the Malaysian High Commissioner in Singapore and Dato' Mohamed Basir bin Ahmad, Chairman of Maybank.



December 1998

10 Maybank Geylang Branch in Singapore underwent extensive renovation and was renamed Geylang Serai Branch to better reflect the exact location of the Branch which is strategically located at the fringe of Geylang Serai

Maybank participated in the Government's Home Ownership Campaign which was jointly organised by the Association of Banks in Malaysia, Association of Finance Companies in Malaysia and Housing Developers Association.



11 Maybank Singapore participated in the first-ever tripartite partnership between a private organisation (Maybank), an institute of higher learning (Singapore Polytechnic) and a non-profit charitable organisation (Very Special Arts Singapore) to present Bridging Dreams, the first-ever integrated camp incorporating lifestyle, arts and recreation to bring mainstream friendship and teenage activities to 60 youths with and without disabilities.

1999

February 1999

12 In conjunction with the Chinese New Year and Hari Raya Aidil Fitri festivals, the Maybank Group made donations of over RM285,000 to various underprivileged people. This included a RM200,000 contribution to Mohamed Afiq Iqmal Muhammad Zaini for a liver transplant operation as well as RM85,310.00 to various

homes for senior citizens, the handicapped and underprivileged.

Mayban Finance Berhad also contributed Al Wadiah Savings Accounts and Oh Wow! coin boxes to orphans as well as cash and souvenirs to senior citizens in conjunction with the Hari Raya celebration.

March 1999

The Maybank Group Welfare Fund donated a van for the benefit of underprivileged students of Sekolah Kebangsaan Simpang Tiga, Bagan Datoh, Perak.

Maybank was appointed by Pengurusan Danaharta Nasional Berhad as the agent bank for Danaharta as well as its subsidiary companies. As an agent bank, Maybank will provide operative facilities for all banking services including overdrafts, banker's acceptances and letters of credit to Danaharta-approved borrowers.

Maybank participated in a three-day promotion of SMI Funds which was held at Putra World Trade Centre, Kuala Lumpur. The SMI Funds Promotion was held to create awareness of the various funds available for small and medium sized industries as well as to enable entrepreneurs to establish contacts with the financial institutions and relevant agencies to assist them in the loan applications.



April 1999

The Maybank Group Welfare Fund donated Disaster Recovery Kits worth over RM98,000 to Hospital Queen Elizabeth & Hospital Tawau in Sabah.

Maybank Group donated RM300,000.00 to the Japanese Encephalitis (JE) Fund to help the families of JE victims,

13 Deputy Prime Minister, Dato' Seri Abdullah Ahmad Badawi launched "Cakerawala Nusantara", the second anthology of poems and paintings, produced by the Maybank Group. The production of this anthology is in line with the Maybank Group's commitment in promoting the appreciation and development of art and literature.

In conjunction with the launch of Cakerawala Nusantara, a solo art exhibition entitled "From 1956 until 1999", featuring works of renowned national artist, Datuk Syed Ahmad Jamal was held at Balai Seni Maybank.

14 Maybank's third branch in Brunei Darussalam was officially opened by the Deputy Minister of Finance of Negara Brunei Darussalam, Dato' Paduka Awang Haji Selamat bin Haji Munap.

Mayban Assurance Berhad (MAB) signed a sale and purchase agreement with Sime Bank Berhad for the acquisition of 77.24% of the paid-up share capital of UMBC Insurans Berhad from Sime Bank Berhad (SBB).

15 As a further reinforcement of Maybank Singapore's commitment to help upgrade and showcase the artistic talents of people with disabilities, the Bank sponsored the first-ever professional tutorship programme for artists with disabilities called "The Maybank-Very Special Arts (VSA) Pair-With-An-Artist programme". It was officially launched by Mr Yatiman Yusof, Senior Parliamentary Secretary, Ministry of Information and the Arts, Singapore.



15

May 1999

The Maybank Group Welfare Fund donated eight wheelchairs to three organisations namely, Pusat Harian Kanak-Kanak Spastik Ipoh, Perak; Persatuan Orang-Orang Cacat Anggota, Malaysia and Jabatan Bomba dan Penyelamat, Malaysia.

Aseambankers Malaysia Berhad donated 22 computers to four primary schools for special children in Kuala Lumpur and Ipoh.

Mayban Finance (Singapore) Ltd was merged with the Singapore operations of Maybank. The merger supports a number of important strategic goals of Maybank in Singapore including growth, diversification as well as product and market expansion.

June 1999

Maybank and Mayban Finance launched a new design Group credit cards with the theme "Cards for the New Millennium". This launch also marked Mayban Finance's achievement as the first finance company in Malaysia to issue the Visa Credit Card.

A Topping-Up Ceremony for the proposed new headquarters of three Maybank subsidiaries i.e. Mayban Life Assurance Bhd, Mayban Assurance Bhd and Mayban Finance Bhd, was officiated by Dato' Mohamed Basir bin Ahmad, Chairman of

Maybank at Bangsar Utama in Kuala Lumpur.

Maybank Group participated in the "PNB Investment Week" (Minggu Pelaburan Bersama PNB) exhibition organised by Permodalan Nasional Bhd which was held in conjunction with the launching of the ASN 2 unit trust scheme.



16

16 Eighty Form Four students from all over Peninsular Malaysia took part in the "8th Kern Remaja", which was held at Tasik Chini, Pekan, Pahang. The annual event, organised and sponsored by Mayban Finance Bhd, was aimed at supporting the Government's vision of shaping a progressive independent and disciplined society.

Mayban Life Assurance Berhad and Yayasan Guru Malaysia Berhad (YGMB) – an association for teachers in Malaysia, participated in the signing of a Memorandum of Undertaking (MOU) for the development of Pelaburan Premier Guru, a new investment-linked product.

Group Corporate Structure



• Maybank • PT. BANK MAYBANK NUSA INTERNATIONAL (formerly known as P.T. May Bank Nusa International) • Maybank International (L) Ltd • Maybank (PNG) Ltd • Maybank Philippines Incorporated	• Mayban Finance Bhd • MFSL Ltd (formerly known as Mayban Finance (Singapore) Ltd) • Aseamlease Bhd • Aseam Credit Sdn Bhd • Mayban Factoring Bhd • Amanah Finance Malaysia Berhad	• Mayban Assurance Bhd • Mayban Life Assurance Bhd • Mayban Life International (Labuan) Ltd • Mayfin Nominees (Tempatan) Sdn Bhd • Mayban Nominees (Singapore) Pte Ltd • Mayban Nominees (Hongkong) Ltd • Aseam Malaysia Nominees (Tempatan) Sdn Bhd • Aseam Malaysia Nominees (Asing) Sdn Bhd • Mayban Securities (Nominees) Sdn Bhd • Mayban Securities (Tempatan) Sdn Bhd • Mayban Securities Nominees (Asing) Sdn Bhd • MFSL Nominees Pte Ltd (formerly known as Mayban Finance Nominees (Singapore) Pte Ltd) • AFMB Nominees (Tempatan) Sdn Bhd	• Mayban Property Trust Management Bhd • Mayban Manaagement Bhd • Mayban Investment Management Sdn Bhd (formerly known as Mayban-UBS Asset Manaagement Sdn Bhd) • Mayban International Trust (Labuan) Bhd • Mayban Offshore Corporate Services (Labuan) Sdn Bhd • Mayban Ventures Sdn Bhd • Mayban Venture Capital Co. Sdn Bhd • Mayban-JAIC Capital Management Sdn Bhd • Philmay Property Inc. • RPB Venture Capital Corporation • Mayban Trustees Bhd • Mavban (Nominees) Sdn Bhd • Mavban Nominees (Tempatan) Sdn Bhd • Mayban Nominees (Asing) Sdn Bhd	• Aseambankers Malaysia Bhd • Mayban Securities (Holdings) Sdn Bhd • Mayban Securities Sdn Bhd • Mayban Discount Bhd • Mayban Futures Sdn Bhd

Group Activities

Commercial Banking

1. Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
2. P.T. BANK MAYBANK NUSA
INTERNATIONAL
(formerly known as
PT May Bank Nusa International)
BCD Tower Lt. 17
Jalan Jend. Sudirman Kav. 26
Jakarta 12920, Indonesia
3. Maybank Philippines Incorporated
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

Merchant Banking

4. Aseambankers Malaysia Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Offshore Banking

5. Maybank International (L) Ltd
Lot B, Level 16, Main Office Tower
Labuan Financial Park
Jalan Merdeka
87000 Wilayah Persekutuan Labuan

Banking and Financial Services

6. Maybank (PNG) Ltd
Corner Waigani Road/Islander Drive
P.O. Box 882
Waigani, National Capital District
Papua New Guinea

Finance Company

7. Mayban Finance Bhd
3rd Floor
1, Medan Tuanku Satu
50300 Kuala Lumpur
8. MFSL Ltd
(formerly known as
MaybanFinance (Singapore) Ltd)
66/68, South Bridge Road
Singapore 0105
9. Amanah Finance Malaysia Berhad
3rd Floor
1, Medan Tuanku Satu
50300 Kuala Lumpur

General Insurance

10. Mayban Assurance Bhd
Ground Floor
Bangunan Mayban Assurance
27, Lorong Medan Tuanku Satu
50300 Kuala Lumpur

Life Insurance

11. Mayban Life Assurance Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
12. Mayban Life International
(Labuan) Ltd
Lot B, Level 16, Main Office Tower
Labuan Financial Park
Jalan Merdeka
87000 Wilayah Persekutuan Labuan

Investment Holding

13. Mayban Securities (Holdings)
Sdn Bhd
30th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Venture Capital

14. Mayban Ventures Sdn Bhd
20th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

15. Mayban Venture Capital Co.
Sdn Bhd
20th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
16. RPB Venture Capital Corporation
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

Stockbroking

17. Mayban Securities Sdn Bhd
30th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Leasing & Hire Purchase

18. Aseamlease Bhd
38th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Hire Purchase

19. Aseam Credit Sdn Bhd
38th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Discount House

20. Mayban Discount Bhd
31 st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Factoring Services

21. Mayban Factoring Bhd
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Property Trust Fund Management

22. Mayban Property Trust
Management Bhd
28th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Unit Trust Fund Management

23. Mayban Management Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Asset Management

24. Mayban Investment
Management Sdn Bhd
(formerly known as
Mayban-UBS Asset Management Sdn Bhd)
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Property Holding

25. Philmay Property Inc.
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

Futures Broking

26. Mayban Futures Sdn Bhd
44th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Trustee Services

27. Mayban International Trust
(Labuan) Bhd
Lot B, Level 16, Main Office Tower
Labuan Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan

28. Mayban Trustees Bhd
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Investment Advisory

29. Mayban-JAIC Capital Management
Sdn Bhd
20th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Provision of Corporate Directorship and Secretaryship

30. Mayban Offshore Corporate Services
(Labuan) Sdn Bhd
Lot B, Level 16, Main Office Tower
Labuan Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan

Nominee Services

31. Mayban (Nominees) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
32. Mayban Nominees (Tempatan)
Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
33. Mayban Nominees (Asing) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
34. Mayban Nominees (Spore) Pte Ltd
2 Battery Road
#04-02 Maybank Chambers
Singapore 0104
35. Mayban Nominees (Hongkong) Ltd
18F & 19F Entertainment Building
30 Queen's Road
Central Hongkong
36. Aseam Malaysia Nominees
(Tempatan) Sdn Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
37. Aseam Malaysia Nominees (Asing)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
38. Mayfin Nominees (Tempatan)
Sdn Bhd
3rd Floor
1, Medan Tuanku Satu
50300 Kuala Lumpur
39. Mayban Securities (Nominees)
Sdn Bhd
30th Floor, Menara Maybank
50050 Kuala Lumpur
40. Mayban Securities Nominees
(Tempatan) Sdn Bhd
30th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
41. Mayban Securities Nominees (Asing)
Sdn Bhd
30th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
42. MFSL Nominees Pte Ltd
(formerly known as
MaybanFinance Nominees (Singapore) Pte Ltd)
66/68, South Bridge Road
Singapore 0105
43. AFMB Nominees (Tempatan)
Sdn Bhd
3rd Floor
1, Medan Tuanku Satu
50300 Kuala Lumpur

Properties Owned By Maybank Group

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 30.6.99
	Freehold	Leasehold		
MAYBANK				
Kuala Lumpur	13	5	44,304.75	209,972,299.61
Johor Darul Takzim	16	9	15,861 .00	45,165,930.65
Kedah Darul Aman	10	6	7,577.66	10,104,898.51
Kelantan Darul Naim		6	2,846.00	2,761,219.02
Melaka		5	3,670.00	6,690,275.57
Negeri Sembilan Darul Khusus	8	3	17,228.00	6,270,940.56
Pahang Darul Makmur	6	18	22,838.00	16,448,734.12
Perak Darul Ridzuan	14	9	14,108.65	12,290,571.60
Perlis Indera Kayangan		2	1,287.00	2,000,214.90
Pulau Pinang	10	4	11,328.74	23,885,981.15
Sabah	–	28	22,694.00	27,718,905.40
Sarawak	3	15	11,542.40	15,775,807.67
Selangor Darul Ehsan	16	14	104,052.00	88,535,941.91
Terengganu Darul Naim	2	3	2,326.00	4,275,980.80
Singapore	12	10	23,411 .00	S\$31,187,014.78
Hong Kong	–	2	193.00	HK\$1,943,244.73
London	–	6	695.00	542,988.74
MAYBANK INTERNATIONAL (L) LTD				
Wilayah Persekutuan Labuan	3	2	1,090.11	USD 366,724.37
MAYBAN FINANCE BERHAD				
Kuala Lumpur	7	3	3,242.79	10,090,407.00
Johor Darul Takzim	13		3,192.87	9,848,268.77
Kedah Darul Aman	2	2	1,650.72	2,756,094.65
Kelantan Darul Naim	–		298.00	1,244,310.78
Melaka	1	3	799.46	2,543,097.61
Negeri Sembilan Darul Khusus	5	2	3,061.27	2,264,044.77
Pahang Darul Makmur	6		1,009.48	2,280,572.66
Perak Darul Ridzuan	6		1,514.10	321,564.97
Perlis Indera Kayangan			188.00	321,564.97
Pulau Pinang	5		1549.26	8,233,447.47
Sabah	–		1,335.59	6,007,730.74
Sarawak	3	5	1,779.70	6,416,871.41
Selangor Darul Ehsan	9	5	4,001.48	19,226,044.63
Terengganu Darul Naim	5		2,986.00	2,045,175.29

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 30.6.99
	Freehold	Leasehold		

MAYBAN ASSURANCE BERHAD

Kuala Lumpur	—	1	473.43	7,539,810.68
Pahang Darul Makmur	1	—	185.80	367,654.40
Kedah Darul Aman	1	—	120.00	416,484.30
Perlis Indera Kayangan	—	1	130.00	179,656.04
Melaka	—	1	139.00	250,802.09
Sarawak	1	—	115.50	492,149.18
Selangor Darul Ehsan	—	1	143.00	230,080.11
Sabah	—	1	186.00	1,002,158.27

MAYBAN DISCOUNT BERHAD

Negeri Sembilan Darul Khusus	1	—	701.30	180,959.67
Pahang Darul Makmur	1	—	98.90	211,295.86

ASEAMBANKERS MALAYSIA BERHAD

Negeri Sembilan Darul Khusus	—	1		
Pahang Darul Makmur	—	1		
Pulau Pinang	1	—		

MAYBAN LIFE ASSURANCE BERHAD

Negeri Sembilan Darul Khusus	1		148.60	300,000.00
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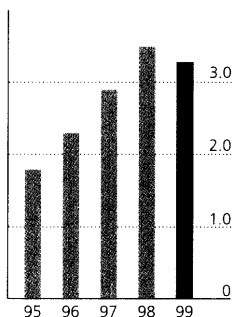
MAYBAN SECURITIES SDN BHD

Negeri Sembilan Darul Khusus	1	—	372.77	231,116.67
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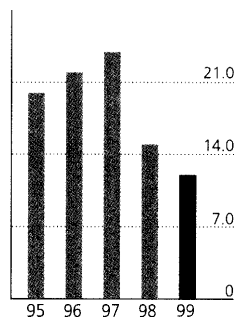
Five Year Group Financial Summary

	1999 RM Million	1998 RM Million	1997 RM Million	1996 RM Million	1995 RM Million
Results					
Operating profits	3,283	3,460	2,868	2,259	1,819
Profit before taxation	1,011	553	3,865	1,801	1,475
Profit after taxation and minority interest	970	130	2,981	1,075	864
Assets					
Total assets	117,479	114,514	110,438	94,203	81,779
Loans and advances	76,301	77,852	64,742	56,463	48,940
Liabilities And Shareholders' Funds					
Deposits from customers	77,551	70,025	65,101	59,317	52,389
Paid-up share capital	2,308	2,286	1,143	1,143	1,143
Shareholders' funds	9,217	8,407	8,273	5,601	4,699

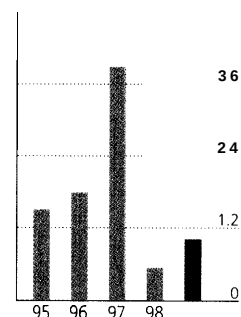
Operating Profit



Dividend Rate



Profit Before Taxation



	1999 RM Million	1998 RM Million	1997 RM Million	1996 RM Million	1995 RM Million
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Financial Ratios (%)

Net return on average

shareholders' funds	11.01	1.56	42.97	20.87	20.13
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Net return on average assets	0.84	0.11	2.91	1.22	1.12
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Loans and advances to deposits	93.39	111.18	99.45	95.19	93.42
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Share Information

Basic earnings per share	42 sen*	6 sen*	261 sen	94 sen	76 sen
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Net tangible assets

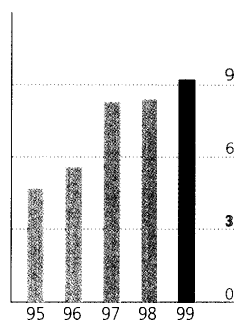
backing per share	RM 3.99*	RM 3.67*	RM 7.23	RM 4.90	RM 4.11
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Dividend rate	12.0%	15.0%	24.0%	22.0%	20.0%
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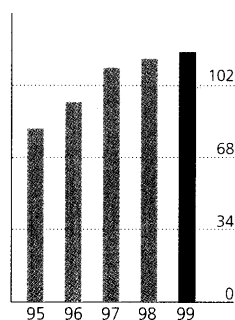
Dividend cover	4.87	1.05	15.53	6.10	5.40
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* Based on enlarged capital after the 1: 1 bonus issue

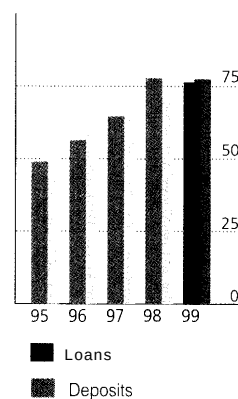
Shareholders' Funds



Total Assets



Loans Against Deposit

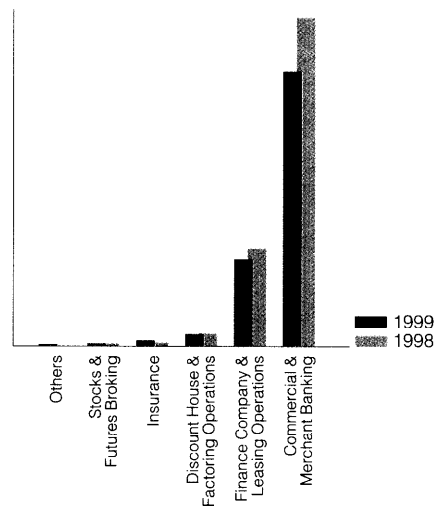


Segment Information

Analysis By Activity

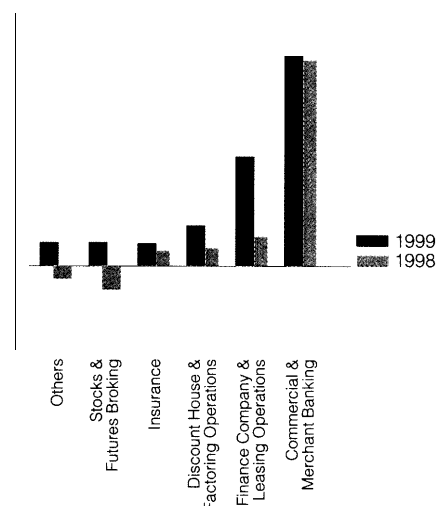
Operating Revenue (RM'000)

	1999	1998
Commercial and Merchant Banking	8,156,435	9,771,027
Finance Company and Leasing Operations	2,571,101	2,917,367
Discount House and Factoring Operations	347,247	384,489
Insurance	157,081	117,542
Stocks and Futures Broking	83,883	86,982
Others	43,631	16,206



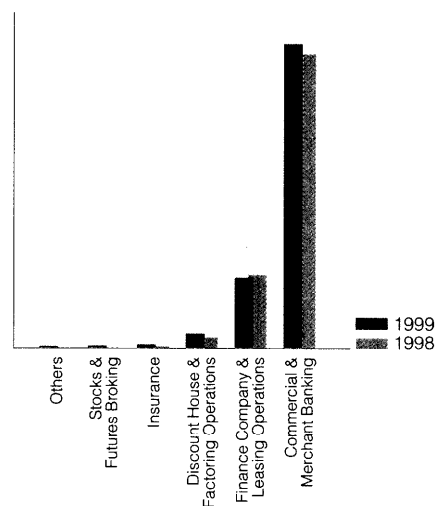
Profit Before Taxation (RM'000)

	1999	1998
Commercial and Merchant Banking	495,321	487,292
Finance Company and Leasing Operations	259,517	70,187
Discount House and Factoring Operations	94,873	43,311
Insurance	52,032	36,982
Stocks and Futures Broking	54,915	(54,979)
Others	54,291	(29,508)



Assets Employed (RM'000)

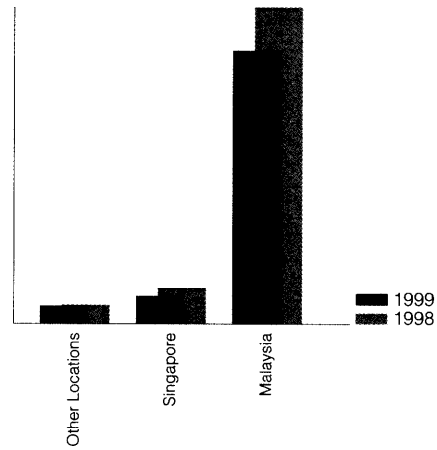
	1999	1998
Commercial and Merchant Banking	90,328,379	87,643,979
Finance Company and Leasing Operations	21,033,636	22,213,195
Discount House and Factoring Operations	4,276,675	3,487,827
Insurance	921,639	656,823
Stocks and Futures Broking	526,781	227,227
Others	391,419	285,118



Analysis By Geographical Location

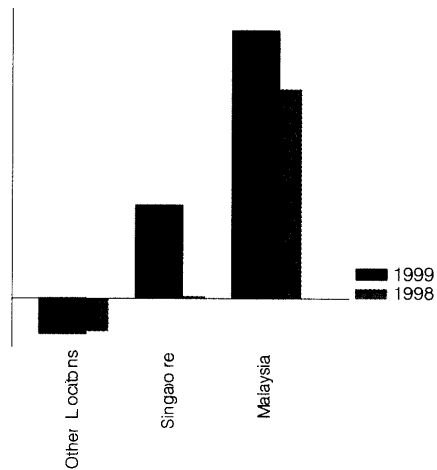
Operating Revenue (RM'000)

	1999	1998
Malaysia	9,734,055	11,281,580
Singapore	980,458	1,326,359
Other Locations	624,645	685,674



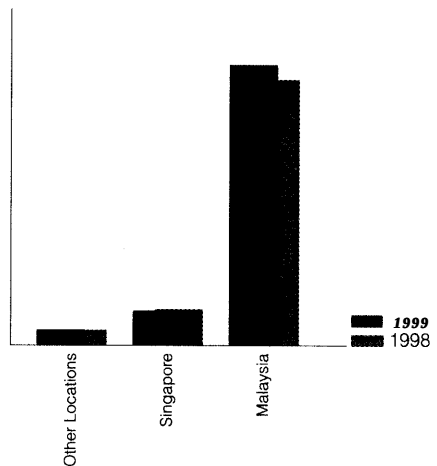
Profit Before Taxation (RM'000)

	1999	1998
Malaysia	831,589	653,907
Singapore	289,720	614
Other Locations	(110,360)	(101,236)



Assets Employed (RM'000)

	1999	1998
Malaysia	99,589,805	95,191,806
Singapore	12,469,417	13,425,887
Other Locations	5,419,307	5,896,476



Analysis of Shareholdings as at September 13, 1999

Authorised Share Capital	4,000,000,000
Paid-Up Share Capital	2,323,719,214
Class of Shares	Ordinary Share of RM1 each
Voting Right	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 500	4,091	15.87	1,088,608	0.05
500 – 5,000	16,956	65.80	29,946,224	1.29
5,001 – 10,000	1,759	6.82	13,583,202	0.58
10,001 – 100,000	2,193	8.51	74,980,802	3.23
100,001 – 1,000,000	659	2.56	201,786,348	8.68
Above 1,000,000	112	0.44	2,002,334,030	86.17
Total	25,770	100.00	2,323,719,214	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	Permodalan Nasional Berhad	819,613,991	35.27
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd B/O: Sekim Amanah Saham Bumputera	367,342,383	15.81
3.	Khazanah Nasional Berhad	123,726,000	5.32
4.	Employees Provident Fund Board	123,083,766	5.30
5.	The Central Depository Pte Limited	96,602,516	4.16
6.	Lembaga Kemajuan Tanah Persekutuan Felda	67,231,150	2.89

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	Permodalan Nasional Berhad	819,613,991	35.27
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd B/O Sekim Amanah Saham Bumputera	367,342,383	15.81
3.	Khazanah Nasional Berhad	123,726,000	5.32
4.	Employees Provident Fund Board	123,083,766	5.30
5.	The Central Depository Pte Limited	96,602,516	4.16
6.	Lembaga Kemajuan Tanah Persekutuan Felda	67,231,150	2.89
7.	Cartaban Nominees (Asing) Sdn Bhd B/O A/C State Street Bank & Trust Co Fund GB01 A/C Harbor International Fund	30,314,000	1.30
8.	Cartaban Nominees (Asing) Sdn Bhd B/O Government Of Singapore Investment Corporation Pte Ltd C for Government Of Singapore	25,867,800	1.11
9.	Chase Malaysia Nominees (Asing) Sdn Bhd B/O Abu Dhabi Investment Authority	24,984,240	1.08
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd B/O Sekim Amanah Saham Wawasan 2020	16,979,000	0.73
11.	Botly Nominees (Asing) Sdn Bhd B/O Fleet Investments Management Limited	16,354,000	0.70
12.	Malaysia Nominees (Tempatan) Sdn Bhd B/O Great Eastern Life Assurance Malaysia Berhad for Malaysia Life Fund	16,312,600	0.70
13.	Chase Malaysia Nominees (Asing) Sdn Bhd B/O Emerging Markets Growth Fund	15,704,800	0.68
14.	Tasec Nominees (Asing) Sdn Bhd B/O Meespierson Asia Limited for Savern Finance Limited	13,411,600	0.58
15.	Bank Simpanan Nasional Malaysia	12,205,800	0.53
16.	Cartaban Nominees (Asing) Sdn Bhd B/O A/C State Street Bank & Trust Co Fund ZV10 A/C State Street Bank & Trust Fund for Employee Trust	9,196,936	0.40
17.	Chase Malaysia Nominees (Asing) Sdn Bhd B/O Vanguard International Growth Portfolio	6,780,400	0.29
18.	Tasec Nominees (Asing) Sdn Bhd B/O Ta Securities HK Ltd for Jeffrey Smith	6,542,800	0.28
19.	HDM Nominees (Asing) Sdn Bhd B/O Lim & Tan Securities Pte Ltd for Topview Holdings Limited	6,254,600	0.27
20.	Citicorp Nominees (Asing) Sdn Bhd B/O American International Assurance Company Limited Par Core	5,777,500	0.25
	Total	1,804,285,882	77.65

Directors' Report

The directors have pleasure in submitting their report and the audited accounts of the Bank and of the Group for the year ended June 30, 1999.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking in all its aspects which also include Islamic banking business. The principal activities of the subsidiary companies are disclosed in Note 9 to the accounts.

There have been no significant changes in these activities during the year.

RESULTS

	The Bank RM '000	The Group RM'000
Profit before taxation	868,745	1,010,949
Taxation	(58,958)	(58,689)
Profit after taxation	809,787	952,260
Minority interest	—	17,606
Profit after taxation and minority interest	809,787	969,866
Transfer to statutory reserves	(203,762)	(209,894)
Profit retained for the year	606,025	759,972
Retained profits brought forward	487,781	900,839
Profits available for appropriation	1,093,806	1,660,811
Dealt with as follows:—		
Transfer to general reserve	(164,869)	(186,642)
Transfer to capital reserve		(14,697)
Dilution arising from issue of new shares in a subsidiary company		(24,476)
Dividends	(199,113)	(199,113)
	(363,982)	(424,928)
Retained profits carried forward	729,824	1,235,883

ISSUE OF SHARES

During the year, the Bank increased its issued and fully paid up share capital from RM2,286,827,414 to RM2,308,660,614 by the issue of 21,833,200 new ordinary shares of RM1.00 each to eligible persons who have exercised their options under the Maybank Group Employee Share Option Scheme. 20,567,600 of the new ordinary shares were issued at the option price of RM4.42 per share whilst another 1,265,600 new ordinary shares were issued at the option price of RM6.83 per share. The new shares issued rank pari passu in all respects with the then existing shares of the Bank.

DIVIDENDS

Dividends paid by the Bank since June 30, 1998 are:-

- (a) a final dividend of 6% less 28% income tax for the year ended June 30, 1998 amounting to RM49,395,472; and
- (b) an interim dividend of 3% less 28% income tax for the year ended June 30, 1999 amounting to RM49,511,663.

The directors recommend the payment of a final dividend of 9% less 28% income tax for the year ended June 30, 1999 amounting to RM149,601,208.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME

Under the Maybank Group Employee Share Option Scheme (ESOS or the Scheme) approved by the shareholders,

- (i) The maximum number of new shares which may be available under ESOS shall be eight point seven five percent (8.75%) or a higher percentage as may be allowed by the relevant authorities of the total number of enlarged issued and paid-up share capital of the Bank during the existence of the Scheme.
- (ii) The eligible persons are employees of the Group who have served the Group for a continuous period of at least twenty four (24) months as at the Date of Offer and directors who hold office in executive capacities in the Group. The eligibility for participation in the Scheme shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.
- (iii) The number of shares to be offered shall not be less than two hundred (200) ordinary shares and up to a maximum of five hundred thousand (500,000) ordinary shares.
- (iv) The Option period is for five (5) years and shall expire on June 22, 2003.
- (v) The Option price shall be the average of the mean market quotation (computed as the average of the highest and lowest prices transacted) as shown in the daily official list issued by the Kuala Lumpur Stock Exchange (KLSE) for the five (5) preceding market days prior to the Date of Offer or at RMI whichever is the higher.
- (vi) The shares to be allotted upon any exercise of the Option will, upon allotment, rank pari passu in all respects with the then existing issued shares of the Bank.

Details of the share options granted under the Scheme during the financial year are as follows:

	No. Of Share Options				Balance At 30.6.1999
	Balance At 1.7.1998	Granted	* Lapsed	Exercised	
Option price of RM4.42	—	90,349,600	(1,273,600)	(20,567,600)	68,508,400
Option price of RM6.83	—	10,882,800	—	(1,265,600)	9,617,200

* due to resignations or offers not taken up

Assuming full exercise of the unexercised options as at June 30, 1999, the additional number of ordinary shares of the Bank to be issued under the Scheme would be 78,125,600.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year ended June 30, 1999 other than those disclosed in the accounts.

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets of the Bank and of its subsidiary companies were made up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and have satisfied themselves that all known bad debts had been written off and adequate provisions have been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the accounts of the Bank and its subsidiary companies inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss accounts and balance sheets of the Bank and of its subsidiary companies were made up, the directors took reasonable steps to ensure that any current assets, which were unlikely to realise, in the ordinary course of business, their values as stated in the accounting records of the Bank and its subsidiary companies have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Bank and of its subsidiary companies misleading.

VALUATION METHOD

At the date of the report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities in the accounts of the Bank and its subsidiary companies misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Bank or of its subsidiary companies which has arisen since June 30, 1999 which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Bank or of its subsidiary companies that has arisen since June 30, 1999 other than those arising from normal business operations.

No contingent liability or other liability of the Bank or of its subsidiary companies has become enforceable, or is likely to become enforceable, within the period of twelve months from June 30, 1999 which in the opinion of the directors, will or may affect the ability of the Bank or its subsidiary companies to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the accounts of the Bank and of its subsidiary companies, which would render any amount stated in the accounts misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

- (a) the results of the operations of the Bank and of its subsidiary companies for the year ended June 30, 1999 were not substantially affected by any item, transaction or event of a material and unusual nature: and
- (b) there has not arisen in the interval between June 30, 1999 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank and of its subsidiary companies for the financial year in which this report is made.

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors of the Bank in office since the date of the last Directors' Report and at the date of this Directors' Report are:-

Dato' Mohamed Basir bin Ahmad (Chairman)
Dato' Richard Ho Ung Hun (Vice-Chairman)
Datuk Amirsham A. Aziz (Managing Director)
Dato' Mohd. Salleh bin Hj. Harun (Executive Director)
Dato' Ismail Shahudin (Executive Director)
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali
Mohammad bin Abdullah
Dato' Mohd Hilmey bin Mohd Taib
Haji Mohd. Hashir bin Haji Abdullah
Teh Soon Poh
Md. Yusof bin Hussin (resigned on June 16, 1999)

Dato' Mohamed Basir bin Ahmad, Dato' Mohd. Salleh bin Hj. Harun and Haji Mohd. Hashir bin Haji Abdullah retire by rotation in accordance with Article 96 of the Bank's Articles of Association and, being eligible, offer themselves for re-election.

Dato' Richard Ho Ung Hun, being over seventy years of age, retires in accordance with Section 129 of the Companies Act, 1965 and offers himself for reappointment to hold office until the conclusion of the next Annual General Meeting.

Directors' Report (continuation)

Details of directors' interests in the shares of the Bank during the year covered by the profit and loss account are as follows:–

	No. Of Ordinary Shares Of RM1 Each			Balance At 30.6.1999
	Balance At 1.7.1998	Addition	Disposal	
Dato' Mohamed Basir bin Ahmad	12,000	–	–	12,000
Dato' Richard Ho Ung Hun	2,000	–	(2,000)	–
Datuk Amirsham A. Aziz	39,000	–	–	39,000
Dato' Mohd. Salleh bin Hj. Harun	41,000	–	(5,000)	36,000
Dato' Ismail Shahudin	10,000	–	(5,000)	5,000
Teh Soon Poh	3,504	–	–	3,504

The following directors who held office at June 30, 1999 are deemed to have interest in the shares of the Bank by virtue of options granted under the Maybank Group Employee Share Option Scheme:–

	No. Of Share Options			
	Unexercised Options At 1.7.1998	Granted	Exercise	Unexercised Options At 30.6.1999
At the option price of RM4.42 –				
Datuk Amirsham A. Aziz	135,000	–	–	135,000
Dato' Mohd. Salleh bin Hj. Harun	106,000	–	–	106,000
Dato' Ismail Shahudin	50,000	–	–	50,000
At the option price of RM6.83 –				
Dato' Ismail Shahudin	–	8,000	–	8,000

None of the directors, who held office at June 30, 1999, have any other interests in the shares of the Bank and of its subsidiary companies during the year covered by the profit and loss account.

DIRECTORS' BENEFITS

The Bank had entered into a tenancy agreement with a director, Dato' Richard Ho Ung Hun, for the Bank to rent a unit of four-storey shophouse to be used as branch premises. The agreement is for a three-year term with an option to renew up to a maximum of five terms.

Directors' Report (continuation)

Apart from the tenancy agreement as mentioned above and the options granted to certain directors under the Maybank Group Employee Share Option Scheme as set out in the preceding section,

- (a) since the end of the last financial year, no director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts or the fixed salary of a full-time employee of the Bank, or of a subsidiary company) by reason of a contract made by the Bank or a subsidiary company with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest; and
- (b) neither during nor at the end of the financial year was the Bank a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

RATINGS BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:–

Rating Agency	Date	Rating Classification	Ratings Received
Moody's Investors Service	August 2, 1999	• Long term deposit • Short term deposit • Subordinated long term debt • Financial strength rating • Outlook	Ba 1 Not prime Ba 1 D Stable
Standard & Poor's	July 19, 1999	• Long term counterparty • Short term counterparty • Subordinated notes • Outlook	BBB– A-3 BB+ Stable
Rating Agency Malaysia Berhad	June 18, 1999	• Long term • Short term	AA1 PI

YEAR 2000 READINESS

The Group made an early start in 1997 to address the Y2K issue with an approved budget of RM60 million. After the initial impact assessment, a structured framework was drawn up to steer and manage the project. Apart from outsourcing, considerable internal resources are also devoted to remedial work and testing to ensure timely compliance.

As the Y2K problem extends beyond the Group's own systems, rigorous testing with external parties were conducted. Dedicated test facilities and various automated latest simulators and data ageing tools were also engaged to facilitate multiple testing cycles. As at June 30, 1999, the Group's internal mission critical systems have been Y2K remedied, tested and implemented.

Besides taking all necessary steps towards Y2K readiness of our systems, the overall Y2K preparation also includes developing Systems and Business Contingency Plans and other Business Risk mitigation activities, for example, assessing the state of Y2K readiness of our customers, suppliers and service providers.

The Group is committed to taking care of the interests of its customers. With the measures undertaken, we expect a smooth transition into the new millenium.

BUSINESS PLAN AND OUTLOOK

The Malaysian economy is progressing towards recovery. Based on the upturn in key economic parameters, GDP growth for the current fiscal year is expected to be around 2% to 3%. In the light of this development, the Group will focus its activities towards expanding the business, enhancing its competitive position in the market, improving overall asset quality as well as striving for optimal utilisation of resources.

SIGNIFICANT EVENTS DURING THE YEAR

(a) Merger of Operations of MFSL Limited

On May 28, 1999, the operations of MFSL Limited (formerly known as Mayban Finance (Singapore) Limited) were merged with the Singapore operations of the Bank. With the merger, the Singapore operations of the Bank have taken over all the assets, liabilities and businesses of MFSL Limited. This has enlarged the capital base of the merged entity that will support a number of important strategic goals of the Bank in Singapore. The merger will also increase the range of services and convenience which the Bank intends to offer to its customers in Singapore.

(b) Acquisition of Amanah Finance Malaysia Berhad

On July 31, 1998, Mayban Finance Berhad (MFB), a wholly-owned subsidiary company of the Bank, entered into a sale and purchase agreement with Amanah Capital Partners Berhad (ACPB) to acquire the entire issued and paid-up share capital of Amanah Finance Malaysia Berhad (AFMB) for a cash consideration of RM48 million. Under the terms of the acquisition, all the assets and liabilities of AFMB will be taken over by MFB pursuant to a vesting order under Section 50(1) of the Banking and Financial Institutions Act, 1989.

Subsequent to the balance sheet date, MFB received the vesting order from the High Court of Malaya on July 31, 1999 and the assets and liabilities of AFMB were vested in MFB on August 3, 1999.

(c) Proposed Acquisition of UMBC Insurans Berhad

On May 17, 1999, Mayban Assurance Berhad (MAB), a subsidiary company of the Bank, entered into a conditional sale and purchase agreement with Sime Bank Berhad (SBB) to acquire a 77.24% stake in UMBC Insurans Berhad (UMBCI) comprising 37,075,681 ordinary shares of RM1 each for a consideration not exceeding RM108,137,403. The proposed acquisition is conditional upon:-

- (i) approvals of the Foreign Investment Committee and the Securities Commission;
- (ii) MAB obtaining at least 90% equity interest in UMBCI; and
- (iii) approval of the Monetary Authority of Singapore for the transfer of the branch license in Singapore held by UMBCI to MAB.

Upon obtaining 90% equity interest in UMBCI, MAB will make a mandatory general offer to acquire the remaining shares not already owned by MAB. The total consideration for the entire issued and paid-up share capital of UMBCI shall not exceed RM140 million.

Subsequent to the balance sheet date, MAB entered into conditional sale and purchase agreements with two minority shareholders of UMBCI to acquire 5,422,800 ordinary shares representing 11.30% of the equity for a consideration not exceeding RM15,816,500.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On August 3, 1999, the Bank was granted approval by Bank Negara Malaysia to commence negotiations with the following parties with the view to merging the operations of the respective financial institutions with the Group:-

Commercial Banking Business -

- (a) EON Bank Berhad; and
- (b) The Pacific Bank Berhad.

Finance Company Business -

- (a) Delta Finance Berhad;
- (b) EON Finance Berhad;
- (c) Kewangan Bersatu Berhad; and
- (d) Sime Finance Berhad.

Merchant Banking Business -

- (a) Amanah Merchant Bank Berhad; and
- (b) Malaysian International Merchant Bankers Berhad.

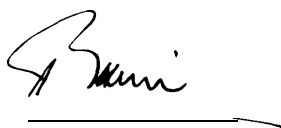
Directors' Report (continuation)

The proposed acquisitions/mergers will be subject to the approval of the relevant authorities and the respective shareholders of the Bank and the vendors at the respective financial institutions' extraordinary general meetings.

AUDITORS

Salleh, Leong, Azlan & Co. have expressed their willingness to accept reappointment.

On behalf of the Board,



DATO' MOHAMED **BASIR BIN AHMAD**
Chairman



AMIRSHAM A. AZIZ
Managing Director

Kuala Lumpur,
September 22, 1999

Balance Sheets as at June 30, 1999

		The Bank		The Group	
		1999	1998	1999	1998
	Note	RM '000	RM '000	RM '000	RM '000
ASSETS					
Cash and short-term funds	3	9,244,014	6,984,670	10,192,512	6,967,355
Securities purchased under resale agreements		87,007	168,758	101,994	168,621
Deposits and placements with financial institutions	4	4,449,440	5,304,125	4,820,799	3,110,248
Dealing securities	5	73,667	232,830	200,300	326,285
Investment securities	6	11,041,074	10,123,190	20,189,624	17,285,026
Loans and advances	7	57,489,376	56,277,249	76,301,383	77,852,128
Investment in associated companies	8	6,180	6,180	12,939	12,071
Investment in subsidiary companies	9	1,745,221	1,650,332		
Other assets	10	827,760	952,724	1,955,269	1,391,458
Statutory deposits with Central Banks	11	1,902,766	4,542,307	2,661,535	6,412,754
Fixed assets	12	725,447	693,773	1,042,174	988,223
		87,591,952	86,936,138	117,478,529	14,514,169
LIABILITIES					
Deposits from customers	13	57,581,079	51,894,351	77,551,009	70,024,590
Deposits and placements of banks and other financial institutions	14	11,423,374	15,355,423	17,252,250	19,637,979
Obligations on securities sold under repurchase agreements		2,471,177	2,652,823	3,131,040	4,712,833
Bills and acceptances payable		4,855,602	6,131,409	4,985,886	6,311,319
Other liabilities	15	1,733,956	1,935,208	3,464,144	3,418,915
Subordinated obligations	16	1,630,000	1,743,750	1,630,000	1,743,750
		79,695,188	79,712,964	108,014,329	105,849,386
SHAREHOLDERS' FUNDS					
Share capital	17	2,308,661	2,286,828	2,308,661	2,286,828
Reserves	18	5,588,103	4,936,346	6,908,459	6,120,688
		7,896,764	7,223,174	9,217,120	8,407,516
MINORITY INTEREST				247,080	257,267
		87,591,952	86,936,138	117,478,529	114,514,169
COMMITMENTS AND CONTINGENCIES					
	30	60,598,746	69,683,935	68,383,859	78,698,204

The notes on pages 52 to 103 form part of these accounts

Profit And Loss Accounts for the year ended June 30, 1999

	Note	The Bank		The Group	
		1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Interest income	19	6,528,776	8,706,331	9,608,871	11,754,753
Interest expense	20	(4,078,016)	(5,656,611)	(6,148,469)	(7,714,754)
Net interest income		2,450,760	3,049,720	3,460,402	4,039,999
Income from SPI operation	36(k)	70,372	48,815	107,857	73,572
Non-interest income	21	2,521,132 921,747	3,098,535 779,550	3,568,259 1,151,790	4,113,571 972,983
Net income		3,442,879	3,878,085	4,720,049	5,086,554
Overhead expenses	22	(996,096)	(1,117,138)	(1,437,463)	(1,626,572)
Operating profit		2,446,783	2,760,947	3,282,586	3,459,982
Loan loss and provision	23	(1,578,038)	(2,137,753)	(2,273,893)	(2,909,191)
Share of profits in associated companies		868,745	623,194	1,008,693 2,256	550,791 2,494
Profit before taxation		868,745	623,194	1,010,949	553,285
Taxation	26	(58,958)	(363,068)	(58,689)	(441,942)
Profit after taxation		809,787	260,126	952,260	111,343
Minority interest				17,606	18,265
Net profit for the year		809,787	260,126	969,866	129,608
Transfer to statutory reserves	18	(203,762)	(65,066)	(209,894)	(74,933)
Profit retained for the year		606,025	195,060	759,972	54,675
Retained profits brought forward		487,781	537,706	900,839	1,068,206
Profits available for appropriation		1,093,806	732,766	1,660,811	1,122,881
Dealt with as follows:-					
Transfer to general reserve	18	(164,869)	(31,724)	(186,642)	(8,431)
Transfer to capital reserve	18	-	-	(14,697)	(350)
Capitalisation for bonus issue		-	(89,773)	-	(89,773)
Dilution arising from issue of new shares in a subsidiary company		-	-	(24,476)	
Dividends	28	(199,113)	(123,488)	(199,113)	(123,488)
		(363,982)	(244,985)	(424,928)	(222,042)
Retained profits carried forward	18	729,824	487,781	1,235,883	900,839
Earnings per share	29				
- Basic		35 sen	11 sen	42 sen	6 sen
- Fully diluted		35 sen	-	42 sen	-

The notes on pages 52 to 103 form part of these accounts

Group Cash Flow Statement for the year ended June 30, 1999

	1999 RM '000	1998 RM '000
CASH FLOWS FROM THE OPERATING ACTIVITIES		
Profit before taxation	1,010,949	553,285
Adjustments for:-		
Exchange fluctuation	(136,251)	706,143
Profits retained in associated companies	(2,255)	(1,798)
Depreciation of fixed assets	112,070	110,221
Gain on disposal of fixed assets	(715)	(3,797)
Amortisation of premium less accretion of discounts of investment securities	9,718	(4,200)
Provision for diminution in value of investment securities	24,120	259,730
Provision for bad and doubtful debts	910,653	2,501,504
Interest/income-in-suspense	438,881	11,368
Dividends from investment securities	(7,356)	(11,472)
Fixed assets written off	5,541	11,133
Operating profit before changes in operating assets and liabilities	2,365,354	4,132,117
Decrease/(increase) in securities purchased under resale agreements	66,627	(81,363)
(Increase)/decrease in deposits and placements with financial institutions	(1,702,551)	3,045,667
Decrease in dealing securities	125,985	75,118
Decrease/(increase) in loans and advances	992,933	(15,442,103)
(Increase)/decrease in other assets	(556,836)	168,842
Decrease in statutory deposits with Central Banks	3,786,319	816,286
Increase in deposits from customers	6,823,242	4,580,548
Decrease in deposits and placements of banks and other financial institutions	(2,525,241)	(2,159,143)
(Decrease)/increase in obligations on securities sold under repurchase agreements	(1,581,793)	398,582
(Decrease)/increase in bills and acceptances payable	(1,325,433)	233,896
Increase in other liabilities	588,828	47,163
Cash generated from/(used in) operations	7,057,434	(4,184,390)
Taxation paid	(782,219)	(561,265)
Net cash from/(used in) operating activities	6,275,215	(4,745,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities – net	(2,870,174)	(1,654,361)
Purchase of fixed assets	(199,826)	(288,993)
Purchase of investment properties		(14,913)
Purchase of subsidiary companies, net of cash acquired	(12,778)	(108,003)
Purchase of shares in subsidiary company from minority interest	(25,500)	
Proceeds from disposal of fixed assets	29,403	5,437
Dividends from investment securities	7,356	11,472
Net cash used in investing activities	(3,071,519)	(2,049,361)

Group Cash Flow Statement for the year ended June 30, 1999 (continuation)

	1999 RM'000	1998 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares by subsidiary companies to minority shareholders	21,158	45,818
Proceeds from issuance of shares	99,553	—
Dividends paid to minority shareholders of subsidiary companies	(1,121)	(1,711)
Dividends received from associate company	778	583
Dividends paid to shareholders of the Bank	(98,907)	(178,144)
Net cash from/(used in) financing activities	21,461	(133,454)
NET INCREASE/(DECREASE) IN CASH AND SHORT-TERM FUNDS	3,225,157	(6,928,470)
CASH AND SHORT-TERM FUNDS AT BEGINNING OF YEAR	6,967,355	13,895,825
CASH AND SHORT-TERM FUNDS AT END OF YEAR (NOTE 3)	10,192,512	6,967,355

SUMMARY OF EFFECTS OF THE ACQUISITION OF SUBSIDIARY COMPANIES

	1999 RM'000	1998 RM'000
Net assets acquired:-		
Cash and short-term funds	35,222	20,677
Deposits and placements with financial institutions	8,000	192,926
Dealing securities		12,552
Investment securities	68,262	72,408
Loans and advances	791,722	181,054
Statutory deposits with Bank Negara Malaysia	35,100	
Statutory deposits with other Central Bank	—	13,374
Other assets	11,971	41,927
Fixed assets	5,080	2,277
Deposits from customers	(703,177)	(343,331)
Deposits and placements of banks and other financial institutions	(139,512)	
Bills and acceptances payable		(2,931)
Other liabilities	(64,668)	(53,084)
Minority interest		(49,945)
Goodwill on consolidation		40,777
Cash consideration paid	48,000	128,680
Less: Cash of subsidiary companies acquired	(35,222)	(20,677)
Net cash outflow on acquisition	12,778	108,003

The notes on pages 52 to 103 form part of these accounts

Notes To The Accounts – June 30, 1999

1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts of the Bank and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and the applicable approved accounting standards in Malaysia. The accounts incorporate those activities relating to Islamic Banking business (SPI) which have been undertaken by the Bank and the Group.

SPI refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts of the Bank and of the Group are prepared under the historical cost convention.

(b) Basis of Consolidation

The Group profit and loss account and balance sheet include the accounts of the Bank and its subsidiary companies, as listed in Note 9, made up to June 30, 1999.

The results of subsidiary companies acquired or disposed during the financial year are included in the Group profit and loss account from the date of their acquisition or up to the date of their disposal.

Goodwill on consolidation, representing the excess of the purchase price over the fair value of net assets of subsidiary companies at the date of acquisition, is written off in full against Group general reserve.

All significant intercompany transactions and balances have been eliminated on consolidation.

(c) Investment in Subsidiary Companies

A subsidiary company is a company in which the Group controls the composition of its board of directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies are stated at cost and are written down when the directors consider that there is a permanent diminution in the value of such investments.

(d) Investment in Associated Companies

The Group treats as associated companies those companies in which a long-term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

The Group profit and loss account includes the Group's share of the results of the associated companies based on their accounts made up to June 30, 1999. In the Group balance sheet, the investment in associated companies is shown at cost plus its share of post-acquisition retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

(e) Dealing Securities

Dealing securities are stated at the lower of cost and net realisable value.

(f) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement and are usually held to maturity.

Malaysian government securities, Malaysian government investment issues, Malaysian government floating rate notes, Cagamas bonds and other government securities are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Other quoted investments are stated at the lower of cost and market value.

Unquoted investments are stated at cost. Provision is made for permanent diminution in value where considered appropriate.

(g) Provision for Bad and Doubtful Debts

Specific provisions are made for bad and doubtful debts which have been individually reviewed and specifically identified as bad or doubtful.

In addition, a general provision based on total weighted risk assets, which takes into account all balance sheet items and their perceived risk levels, is maintained.

The policy on provision for bad and doubtful debts is more stringent than that laid down in Bank Negara Malaysia's "Guidelines on Suspension of Interest on Non-performing Loans and Provision for Bad and Doubtful Debts, BNM/GP3".

(h) Amount Recoverable from Pengurusan Danaharta Nasional Berhad (Danaharta)

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Bank's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as "amount recoverable from Danaharta" within the "other assets" component of the balance sheet. Provisions against these amounts are made to reflect the directors' assessment of the realisable value of the final consideration as at the balance sheet date.

(i) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land is not amortised.

Leasehold land is amortised over the period of the respective leases.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**

(i) **Fixed Assets and Depreciation (continuation)**

Buildings on freehold land are amortised over fifty years. Buildings on leasehold land are amortised over the shorter of fifty years or the period of the respective leases.

Other fixed assets are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives, The principal annual rates of depreciation used for this purpose are as follows:-

Office furniture, fittings, equipment and renovations	10% to 25%
Data processing equipment	14% to 25%
Electrical and security equipment	8% to 25%
Motor vehicles	20% to 25%

(j) **Costs Incurred for Year 2000 Readiness**

Costs of improving computer software and hardware necessary to achieve the Year 2000 readiness are capitalised only to the extent that the expenditure represents an enhancement of the assets or an extension of the estimated useful lives of the assets. Other costs associated with upgrading, modification or improvement are recognised as an expense when incurred.

(k) **Repurchase Agreements**

Securities purchase under resale agreements are securities which the Group had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as a liability on the balance sheet.

(l) **Bills and Acceptances Payable**

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

(m) **Deferred Taxation**

The liability method has been adopted in providing for deferred taxation on all material timing differences which arise where the bases for determining taxable income differ from those used to determine accounting income except where it is considered reasonably probable that such timing differences will not reverse in the foreseeable future. However, where the timing differences give rise to deferred tax benefits, these net benefits are not recognised.

(n) **Insurance Funds**

The general insurance fund represents reserves for unexpired risks computed on the 25% method for marine business; 1/24th method for all other classes of general Malaysian business; and 1/8th method for all other classes of overseas inward treaty business.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

(n) Insurance Funds (continuation)

The life assurance fund is based on the actuarial valuation of the fund made up to June 30, 1999.

(o) Provision for Outstanding Claims

For general insurance business, provision is made for the estimated costs of all claims incurred together with related expenses less reinsurance recoveries in respect of claims notified but not settled at balance sheet date. In addition, full provision is also made for the probable cost of claims together with related expenses incurred but not reported at balance sheet date using a statistical method based on past claims experience.

For life assurance business, provision is made for the estimated costs of all claims together with related expenses in respect of claims notified but not settled at balance sheet date using the case-by-case basis.

(p) Income Recognition

Interest income is recognised on an accrual basis.

Interest income on overdrafts, term loans and housing loans is accounted for on a straight line basis by reference to the rest periods as stipulated in the loan agreements. Interest income from hire-purchase, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

Where an account has turned non-performing, interest is suspended with retroactive adjustment made to the date of first default. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing. Customers' accounts are deemed to be non-performing where repayments are in arrears for three months. The policy on suspension of interest is more stringent than that laid down in Bank Negara Malaysia's "Guidelines on the Suspension of Interest on Non-performing Loans and Provision for Bad and Doubtful Debts, BNM/GP3".

Income from the Islamic banking business is recognised on the accrual basis in compliance with Bank Negara Malaysia's guidelines.

(q) Fee and Other Income Recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment.

Dividends from dealing and investment securities are recognised when received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

(q) Fee and Other Income Recognition (continuation)

Premiums from general insurance business are recognised as income on the date of assumption of risks and for inward treaty business on the date of the receipt of the accounts after setting aside reserves for unexpired risks computed on the 25% method for marine business; the 1/24th method for all other classes of Malaysian general insurance business; and 1/8th method for all other classes of overseas inward treaty business.

First premiums for life assurance business are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period provided they are still within the grace period allowed for payment.

(r) Currency Translations

Transactions in foreign currencies are translated into Ringgit Malaysia at rates ruling on transaction dates. Foreign currency monetary assets and liabilities outstanding at balance sheet date are restated in the balance sheet at spot rates of exchange ruling at that date. All exchange gains and losses are recognised in the profit and loss account.

The accounts of foreign branches and foreign subsidiaries are converted into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Gains or losses arising on translation into Ringgit Malaysia are taken to an exchange fluctuation reserve. Translation losses in excess of amounts in the exchange fluctuation reserve are taken to the profit and loss account.

(s) Foreign Exchange Contracts

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at balance sheet date and the resultant gains and losses are recognised in the profit and loss account.

3. CASH AND SHORT-TERM FUNDS

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Cash and balances with banks and other financial institutions	8,794,014	5,524,170	9,717,894	4,806,617
Money at call	450,000	1,460,500	474,618	2,160,738
	9,244,014	6,984,670	10,192,512	6,967,355

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Licensed banks	2,084,312	4,135,142	1,719,631	2,506,020
Licensed finance companies	465,000	705,000	421,021	33,978
Other financial institutions	1,900,128	463,983	2,680,147	570,250
	4,449,440	5,304,125	4,820,799	3,110,248

5. DEALING SECURITIES

Money market instruments:-

Quoted in Malaysia:-

Cagamas bonds	73,667	232,830	129,249	267,350
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Unquoted:-

Malaysian government treasury bills	-	-	9,898	19,500
Cagamas notes	-	-	4,875	14,344
Others	-	-	47,745	14,249
			62,518	48,093
	73,667	232,830	191,767	315,443

Quoted securities:-

Shares and trust units				
- quoted in Malaysia	-	-	8,533	10,351
- quoted outside Malaysia	-	-		491
			8,533	10,842
	73,667	232,830	200,300	326,285

Market value of quoted securities:-

Cagamas bonds	73,667	236,168	130,381	270,688
Shares and trust units quoted in Malaysia		-	12,367	10,458
Shares and trust units quoted outside Malaysia		-		491
	73,667	236,168	142,748	281,637

6. INVESTMENT SECURITIES

	The Bank		The Group	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Money market instruments				
Quoted:-				
Malaysian government securities	1,415,009	2,079,485	4,012,488	3,048,120
Cagamas bonds	898,713	1,507,346	1,133,166	1,894,650
Other government securities	873,009	965,662	873,009	1,065,833
Private debt securities			54,195	50,232
	3,186,731	4,552,493	6,072,858	6,058,835
Unquoted:-				
Malaysian government treasury bills	455,335	602,973	548,095	605,309
Malaysian government investment certificates	86,031	2,641	183,957	6,915
Other government certificates		-	99,446	23,700
Cagamas notes	1,355,622	752,919	1,588,847	790,444
Other government treasury bills	404,438	81,747	451,155	211,794
Negotiable instruments of deposit	2,030,043	2,180,000	3,190,621	3,049,000
Bankers' acceptances	1,834,340	334,734	2,924,807	1,967,113
Private and Islamic debt securities	423,881	386,305	1,892,215	2,304,067
Danaharta bonds	21,701	-	238,467	-
Danamodal bonds	142,523		783,723	-
KLIA bonds		-	5,051	-
Other unquoted money market instruments	-	-	111,865	226,869
	6,753,914	4,341,319	12,018,249	9,185,211
	9,940,645	8,893,812	18,091,107	15,244,046
Quoted securities:-				
In Malaysia				
Shares, warrants and trust units	72,502	72,502	253,800	275,681
Malaysian government floating rate notes	121,478	102,902	121,478	102,902
Commercial bills, bonds and notes	-	-	3,583	10,217
	193,980	175,404	378,861	388,800
Outside Malaysia				
Shares	-	-	2,215	2,215
Other floating rate notes	658,355	775,319	658,355	775,319
	658,355	775,319	660,570	777,534
Carried forward	852,335	950,723	1,039,431	1,166,334

Notes To The Accounts -June 30, 1999 (continuation)

6. INVESTMENT SECURITIES (CONTINUATION)

	<u>The Bank</u>		<u>The Group</u>	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Brought forward	852,335	950,723	1,039,431	1,166,334
Unquoted securities:-				
Shares and trust units	101,038	101,244	209,608	205,490
Private debt securities	—	—	384	—
Commercial bills, bonds and notes	464,997	461,432	1,172,636	959,057
	566,035	562,676	1,382,628	1,164,547
	11,359,015	10,407,211	20,513,166	17,574,927
Amortisation of premiums less accretion of discounts	(98,934)	(90,114)	(29,183)	(19,662)
	11,260,081	10,317,097	20,483,983	17,555,265
Provision for diminution in value of –				
Other floating rate notes – outside Malaysia	(132,772)	(169,454)	(132,772)	(169,454)
Other government securities				(2,707)
Commercial bills, bonds and notes	(85,500)	(15,608)	(86,087)	(29,049)
Private debt securities		—	(42,000)	
Danaharta bonds	—		(13,764)	—
Shares, warrants and trust units quoted in Malaysia	(735)	(8,845)	(2,845)	(59,691)
Shares quoted outside Malaysia		—	(1,195)	(1,560)
Unquoted shares and trust units	—		(15,696)	(7,778)
	(219,007)	(193,907)	(294,359)	(270,239)
	11,041,074	10,123,190	20,189,624	17,285,026

Notes To The Accounts -June 30, 1999 (continuation)

6. INVESTMENT SECURITIES (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Market value of quoted securities:-				
Malaysian government securities	1,350,540	1,896,682	3,874,418	2,797,471
Cagamas bonds	911,599	1,452,039	1,129,323	1,807,608
Other government securities	873,009	965,894	873,009	1,087,668
Private debt securities			59,834	53,746
Shares, warrants and trust units quoted in Malaysia	156,835	69,521	381,576	216,590
Malaysian government floating rate notes	119,287	100,514	119,287	100,514
Commercial bills, bonds and notes		—	4,250	17,692
Shares quoted outside Malaysia		—	1,021	655
Other floating rate notes – outside Malaysia	555,732	608,537	555,732	608,537
	3,967,002	5,093,187	6,998,450	6,690,481

The maturity structure of money market
instruments held for investment are as follows:-

Maturing within one year	7,141,230	4,918,188	11,008,930	9,523,880
Maturing between one year to three years	1,643,226	2,666,236	2,715,069	3,423,078
Maturing between three years to five years	760,200	720,148	2,530,723	981,868
Maturing after five years	395,989	589,240	1,836,385	1,315,220
	9,940,645	8,893,812	18,091,107	15,244,046

7. LOANS AND ADVANCES

Overdrafts	12,990,739	14,283,950	12,937,677	14,002,709
Term loans – fixed rate	3,255,679	2,944,267	3,462,696	3,413,863
Term loans – floating rate	39,137,513	35,640,305	54,050,963	51,816,000
Credit card receivables	507,559	423,136	672,738	594,763
Bills receivable	473,957	909,947	474,037	910,143
Trust receipts	886,576	1,408,362	889,930	1,420,242
Claims on customers under acceptance credits	5,193,984	5,448,259	5,324,317	5,608,653
Hire purchase and block discounting receivables	743,504	—	7,842,264	7,641,627
Floor stocking receivables	9,828	—	43,620	58,943
Lease receivables		—	46,753	42,573
Factored receivables	42,397		82,576	134,799
Staff loans	386,326	328,701	478,592	388,779
Housing loans to – directors of the Bank	145	206	168	248
– other directors	1,763	1,605	2,651	2,373
Others		—	13,004	82,319
Carried forward	63,629,970	61,388,738	86,321,986	86,118,034

7. **LOANS AND ADVANCES (CONTINUATION)**

	The Bank		The Group	
	1999 RM '000	1998 RM '000	1999 RM '000	1998 RM '000
Brought forward	63,629,970	61,388,738	86,321,986	86,118,034
Unearned interest and income	(982,530)	(661,631)	(2,737,377)	(2,332,214)
Gross loans and advances	62,647,440	60,727,107	83,584,609	83,785,820
Provision for bad and doubtful debts				
- specific	(2,445,919)	(2,037,831)	(3,593,101)	(2,739,589)
- general	(2,070,088)	(2,026,755)	(2,727,735)	(2,670,594)
Interest/income-in-suspense	(642,057)	(385,272)	(962,390)	(523,509)
Net loans and advances	57,489,376	56,277,249	76,301,383	77,852,128

Loans and advances analysed by their economic purposes are as follows:-

Domestic operations -				
Agriculture	804,148	744,516	876,092	830,917
Mining and quarrying	157,731	181,230	197,004	230,408
Manufacturing	9,339,881	9,417,830	10,082,255	10,233,024
Electricity, gas and water	2,019,334	1,489,708	2,053,576	1,510,918
Construction	4,920,125	4,722,194	6,494,962	5,843,368
Real estate	686,517	972,794	1,274,107	1,583,221
Purchase of landed property	8,749,732	6,859,141	11,805,679	9,666,141
(of which: Residential	5,872,539	3,839,537	7,348,495	5,152,255
Non-Residential)	2,877,193	3,019,604	4,457,184	4,513,886
General commerce	3,855,981	3,962,234	4,446,236	4,798,397
Transport, storage and communication	2,290,341	1,767,199	2,466,329	1,989,216
Finance, insurance and business service	10,054,375	7,209,327	10,512,109	7,234,800
Purchase of securities	3,363,564	5,424,724	7,074,601	9,781,449
Purchase of transport vehicles	12,357	9,539	5,281,078	4,781,701
Consumption credit	1,893,052	1,816,451	2,265,574	2,292,663
Others	1,785,641	2,196,185	2,082,245	2,966,213
Carried forward	49,932,779	46,773,072	66,911,847	63,742,436

7. LOANS AND ADVANCES (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Brought forward	49,932,779	46,773,072	66,911,847	63,742,436
Overseas operations –				
Singapore	9,970,454	10,607,276	9,970,454	12,101,157
Labuan Offshore		–	3,410,587	3,995,709
United States of America	435,641	588,408	435,641	588,408
United Kingdom	474,954	562,417	474,954	562,417
Hong Kong	1,237,655	1,555,743	1,237,655	1,555,743
Brunei	407,774	460,171	407,774	460,171
Vietnam	171,385	159,061	171,385	159,061
Cambodia	16,798	20,959	16,798	20,959
Papua New Guinea		–	19,328	27,463
Philippines	–	–	202,276	179,975
Indonesia	–	–	325,910	392,321
	12,714,661	13,954,035	16,672,762	20,043,384
	62,647,440	60,727,107	83,584,609	83,785,820
The maturity structure of loans and advances are as follows:–				
Maturing within one year	44,722,227	28,506,226	50,039,833	33,397,421
Maturing between one year to three years	2,920,145	3,599,797	6,767,242	7,892,700
Maturing between three years to five years	2,337,083	4,391,506	6,809,559	9,768,348
Maturing after five years	12,667,985	24,229,578	19,967,975	32,727,351
	62,647,440	60,727,107	83,584,609	83,785,820
Movements in the non-performing loans (including interest and income receivable) are as follows:–				
Balance at July 1	4,369,924	1,690,146	7,024,105	2,239,316
Amount classified during the year	4,858,628	5,874,008	7,884,477	8,847,882
Amount recovered/regularised during the year	(2,704,688)	(2,631,755)	(4,669,102)	(3,201,606)
Amount written off	(313,904)	(632,320)	(545,805)	(974,705)
Non-performing loans of a subsidiary company acquired			263,931	18,891
Transfer of non-performing loans of a subsidiary company	265,640	–	–	–
Amount sold to Danaharta	(1,068,106)	–	(1,267,698)	–
Exchange difference and expenses debited to customers' accounts	(39,195)	69,845	195,401	94,327
Balance at June 30	5,368,299	4,369,924	8,885,309	7,024,105

7. LOANS AND ADVANCES (CONTINUATION)

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Ratio of net non-performing loans to total loans including loans sold to Cagamas less specific provision and interest/income-in-suspense	3.73%	3.19%	5.30%	4.46%
Movements in the provision for bad and doubtful debts and interest/income-in-suspense accounts are as follows:-				
Specific provision				
Balance at July 1	2,037,831	540,345	2,739,589	734,536
Provision made during the year	1,863,302	2,112,514	3,121,115	2,998,437
Amount written back in respect of recoveries	(477,875)	(400,662)	(1,076,327)	(549,235)
Amount written off	(222,047)	(264,391)	(415,476)	(519,481)
Amount sold to Danaharta	(753,466)	–	(802,410)	
Transfer from general provision	1,539		4,560	8,436
Specific provision of a subsidiary company acquired	–	–	68,180	
Transfer of specific provision of a subsidiary company	72,430			
Exchange difference	(75,795)	50,025	(46,130)	66,896
Balance at June 30	2,445,919	2,037,831	3,593,101	2,739,589
General provision				
Balance at July 1	2,026,755	1,621,564	2,670,594	2,174,143
Provision made during the year	58,193	378,963	127,845	424,472
Amount written back		–	(56,799)	–
General provision of subsidiary companies acquired			11,837	13,872
Transfer to specific provision	(1,539)	–	(4,560)	(6,436)
Exchange difference	(13,321)	26,228	(21,182)	66,543
Balance at June 30	2,070,088	2,026,755	2,727,735	2,670,594
As a percentage of total loans including loans sold to Cagamas less specific provision and interest/income-in-suspense	3.39%	3.32%	3.34%	3.17%

Notes To The Accounts -June 30, 1999 (continuation)

7. LOANS AND ADVANCES (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Interest/income-in-suspense				
Balance at July 1	385,272	441,904	523,509	512,141
Provision made during the year	654,654	408,649	843,922	646,192
Amount written back in respect of recoveries	(232,231)	(146,158)	(225,321)	(266,402)
Amount written off	(70,562)	(338,256)	(98,792)	(393,896)
Amount sold to Danaharta	(86,059)	-	(117,911)	-
Interest/income-in-suspense of a subsidiary company acquired		-	47,645	-
Exchange difference	(9,017)	19,133	(10,662)	25,474
Balance at June 30	642,057	385,272	962,390	523,509

8. INVESTMENT IN ASSOCIATED COMPANIES

Unquoted shares, at cost	6,180	6,180	6,180	6,180
Share of post-acquisition retained profits		-	6,759	5,891
	6,180	6,180	12,939	12,071

Represented by:

Share of net tangible assets	12,939	12,071
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Details of the associated companies are as follows:-

Name	Group 1999 %	Interest 1998 %	Country of Incorporation	Principal Activities
Computer Recovery Centre Sdn. Bhd.	45	45	Malaysia	Computer disaster recovery services.
Uzbek Leasing International A.O.	35	35	Uzbekistan	Leasing.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	The Bank	
	1999 RM'000	1998 RM'000
Unquoted shares, at cost		
– in Malaysia	1,312,233	1,284,733
– outside Malaysia	432,988	365,599
	1,745,221	1,650,332

Details of the subsidiary companies are as follows:-

Name	Principal Activities	Country Of Incorporation	Issued And Paid-Up Share Capital		Group Interest	
			1999 RM	1998 RM	1999 %	1998 %
Banking						
# PT. Bank Maybank Nusa International (formerly known as PT. May Bank Nusa International)	Banking	Indonesia	190,550,000,000	100,000,000,000 (1)	84	70
# Maybank International (L) Ltd	Offshore Banking	Malaysia	1 0,000,000	10,000,000 (2)	100	100
# Maybank (PNG) Limited	Banking and Financial Services	Papua New Guinea	5,000,000	5000,000 (3)	100	100
# Maybank Philippines, Incorporated	Banking	Philippines	1,770,356,139	1,639,492,049 (4)	60	60
Finance						
Mayban Finance Berhad	Finance Company	Malaysia	551,250,000	551,250,000	100	100
# MFSL Limited (formerly known as Mayban Finance (Singapore) Limited)	Ceased Operations	Singapore	20,000,000	20,000,000 (5)	100	100
Supreme Finance (M) Berhad	Ceased Operations	Malaysia	270,000	270,000	85	85
Aseamlease Berhad	Leasing	Malaysia	20,000,000	20,000,000	72	72
Aseam Credit Sdn. Bhd.	Hire Purchase	Malaysia	20,000,000	20,000,000	72	72
Mayban Factoring Berhad	Factoring Services	Malaysia	2,000,000	2,000,000	100	100
Amanah Finance Malaysia Berhad	Finance Company	Malaysia	106,000,000	106,000,000	100	—

Notes To The Accounts -June 30, 1999 (continuation)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUATION)

Name	Principal Activities	Country Of Incorporation	Issued And Paid-Up Share Capital		Group Interest	
			1999 RM	1998 RM	1999 %	1998 %
Insurance						
Mayban Assurance Berhad	General Insurance	Malaysia	50,000,000	30,000,000	90	70
Mayban Life Assurance Bhd.	Life Assurance	Malaysia	1 00,000,000	98,000,000	92	92
# Mayban Life International (Labuan) Ltd	Dormant	Malaysia	3,500,000	3,500,000 (2)	64	64
Investment Banking						
Aseambankers Malaysia Berhad	Merchant Banking	Malaysia	50,116,000	50,116,000	70	70
Mayban Securities (Holdings) Sendirian Berhad	Investment Holding	Malaysia	25,000,000	25,000,000	100	100
Mayban Securities Sendirian Berhad	Stockbrokrng	Malaysia	20,000,000	20,000,000	100	100
Mayban Discount Berhad	Discount House	Malaysia	45,000,000	45,000,000	91	91
Mayban Futures Sdn. Bhd.	Futures Broking and Investment Advisory Services	Malaysia	1 0,000,000	1 0,000,000	100	100
Asset Management/Trustees/Custody						
Mayban Property Trust Management Berhad	Property Trust Fund Management	Malaysia	5,000,000	5,000,000	100	100
Mayban Management Berhad	Unit Trust Fund Management	Malaysia	4,000,000	4,000,000	93	93
# Mayban International Trust (Labuan) Berhad	Trustee Services	Malaysia	150,000	150,000	100	100
# Mayban Offshore Corporate Services (Labuan) Sdn. Bhd.	Dormant	Malaysia	2	2	100	100
Mayban Trustees Berhad	Trustee Services	Malaysia	500,000	500,000	100	100
Mayban Ventures Sdn. Bhd.	Venture Capital	Malaysia	1 0,000,000	1 0,000,000	91	91

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUATION)

Name	Principal Activities	Country Of Incorporation	Issued And Paid-Up Share Capital			Group Interest	
			1999 RM	1998 RM		1999 %	1998 %
Asset Management/Trustees/Custody (continuation)							
Mayban Venture Capital Company Sdn. Bhd.	Dormant	Malaysia	2	2		100	100
# RPB Venture Capital Corporation	Venture Capital	Philippines	8,560,000	8560,000	(4)	36	36
Mayban-JAIC Capital Management Sdn. Bhd.	Investment Advisory and Administration Services	Malaysia	2,000,000	500,000		46	46
Mayban Investment Management Sdn. Bhd. (formerly known as Mayban-UBS Asset Management Sdn. Bhd.)	Fund Managemeni	Malaysia	5,000,000	5,000,000		58	58
# Philmay Property, Inc.	Property leasing and trading	Philippines	1 00,000,000	100,000,000	(4)	60	60
Mayban (Nominees) Sendirian Berhad	Nominee Services	Malaysia	31,000	31,000		100	100
Mayban Nominees (Tempatan) Sdn Bhd.	Nominee Services	Malaysia	10,000	10,000		100	100
Mayban Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000		100	100
# Mayban Nominees (Singapore) Pte Ltd.	Nominee Services	Singapore	60,000	60,000	(5)	100	100
# Mayban Nominees (Hongkong) Limited	Nominee Services	Hongkong	3	3	(6)	100	100
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000		70	70
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000		70	70
Mayfin Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000		100	100
Mayban Securities Nominees Sdn Bhd.	Nominee Services	Malaysia	10,000	10,000		100	100
Mayban Securities Nominees (Tempatan) Sdn. Bhd	Nominee Services	Malaysia	10,000	10,000		100	100

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUATION)

Name	Principal Activities	Country Of Incorporation	Issued And Paid-Up Share Capital		Group Interest	
			1999 RM	1998 RM	1999 %	1998 %
Asset Management/Trustees/Custody (continuation)						
Mayban Securities Nominees (Asing) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	100
# MFSL Nominees Pte. Ltd. (formerly known as Mayban Finance Nominees Pte Ltd)	Nominee Services	Singapore	60,000	60,000 (5)	100	100
AFMB Nominees (Tempatan) Sdn. Bhd.	Nominee Services	Malaysia	10,000	10,000	100	—

Subsidiary companies not audited by Salleh, Leong, Azlan & co

(1) Indonesia rupiah

(2) US dollars

(3) PNG kina

(4) Philippines peso

(5) Singapore dollars

(6) Hongkong dollars

During the year,

- (a) the Bank subscribed for an additional 90,550 new ordinary shares of Rupiah 1,000,000 each, issued for cash at par, in PT. Bank Maybank Nusa International (formerly known as PT. May Bank Nusa International);
- (b) the Bank subscribed for 2,243,384 common shares of Peso 35 each and placed a deposit for future subscription of 6,842,330 common shares of Peso 35 each, issued for cash at par, in Maybank Philippines, Incorporated. Subsequent to the balance sheet date, Maybank Philippines, Incorporated increased its authorised common share capital from Peso 1,521,600,010 to Peso 2,030,000,000 by the creation of 14,525,714 common shares of Peso 35 each. The authorised preference share capital was increased from Peso 480,000,000 to Peso 481,000,000 by the creation of 270,270 preferred shares of Peso 3.70 each;
- (c) a subsidiary company, Mayban Finance Berhad, acquired the entire issued and fully paid share capital of Amanah Finance Malaysia Berhad comprising 106,000,000 ordinary shares of RM1 each. At the date of acquisition, Amanah Finance Malaysia Berhad held 10,000 ordinary shares of RM1 each in AFMB Nominees (Tempatan) Sdn. Bhd.;
- (d) the Bank's shareholding in Mayban Assurance Berhad was increased by 24,000,000 new ordinary shares of RM1 each as a result of a two for three bonus issue of 14,000,000 new ordinary shares of RM1 each and an acquisition of 10,000,000 ordinary shares of RM1 each from a minority shareholder;
- (e) the Bank subscribed for 2,000,000 new ordinary shares of RM1 each, issued for cash at par, in Mayban Life Assurance Bhd; and
- (f) a subsidiary company, Mayban Ventures Sdn. Bhd., was allotted 765,000 new ordinary shares of RM1 each through a three for one bonus issue in Mayban-JAIC Capital Management Sdn. Bhd.

10. OTHER ASSETS

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Interest receivable	463,307	610,376	569,585	699,616
Other debtors, deposits and prepayments	364,453	342,348	1,323,845	663,818
Foreclosed properties	—	—	61,839	2,678
Investment properties	—	—	—	25,346
Amount recoverable from Danaharta	—	—	—	—
	827,760	952,724	1,955,269	1,391,458
Amount recoverable from Danaharta				
Balance as at July 1				
Amount arising during the year	192,200	—	199,378	—
Provision made during the year	(192,200)	—	(199,378)	—
Balance as at June 30	—	—	—	—

11. STATUTORY DEPOSITS WITH CENTRAL BANKS

With Bank Negara Malaysia	1,633,542	3,985,127	2,377,853	5,768,527
With other Centrai Banks	269,224	557,180	283,682	644,227
	1,902,766	4,542,307	2,661,535	6,412,754

The non-interest-bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(l)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiary companies are maintained with their respective Central Banks in compliance with the applicable legislations.

Notes To The Accounts - June 30, 1999 (continuation)

12. FIXED ASSETS

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in- -Progress RM'000	Total RM'000
The Bank – 1999							
Cost:							
Balance at							
July 1, 1998	638,541	306,433	353,593	75,057	29,405	37,634	1,440,663
Additions	9	11,562	64,686	902	462	44,680	122,301
Transfers	4,015	13,284	276	724		(18,299)	—
Disposals/write-offs	(9,225)	(5,231)	(39,209)	(1,730)	(4,276)	(2,411)	(62,082)
Balance at							
June 30, 1999	633,340	326,048	379,346	74,953	25,591	61,604	1,500,882
Accumulated							
Depreciation:							
Balance at							
July 1, 1998	108,494	237,216	312,798	68,300	20,082		746,890
Charge for the year	11,353	26,900	31,602	2,659	3,962		76,476
Transfers	—	—	—	—	—	—	—
Eliminated on							
disposal/write-off	(2,181)	(5,194)	(34,813)	(1,649)	(4,094)	—	(47,931)
Balance at							
June 30, 1999	117,666	258,922	309,587	69,310	19,950		775,435
Net Book Value							
at June 30, 1999	515,674	67,126	69,759	5,643	5,641	61,604	725,447

12. FIXED ASSETS (CONTINUATION)

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in -Progress RM'000	Total RM'000
The Bank – 1998							
Cost:							
Balance at							
July 1, 1997	581,256	290,083	315,528	73,796	26,571	35,326	1,322,560
Additions	24,549	23,277	44,712	1,361	5,972	55,465	155,336
Transfers	33,523	11,002		2,375	–	(46,900)	–
Disposals/write-offs	(787)	(17,929)	(6,647)	(2,475)	(3,138)	(6,257)	(37,233)
Balance at							
June 30, 1998	638,541	306,433	353,593	75,057	29,405	37,634	1,440,663
Accumulated							
Depreciation:							
Balance at							
July 1, 1997	97,140	226,125	286,083	67,292	18,756		695,396
Charge for the year	11,457	28,137	33,327	2,752	4,457	–	80,130
Transfers	–	–		–	–		
Eliminated on							
disposal/write-off	(103)	(17,046)	(6,612)	(1,744)	(3,131)		(28,636)
Balance at							
June 30, 1998	108,494	237,216	312,798	68,300	20,082		746,890
Net Book Value							
at June 30, 1998	530,047	69,217	40,795	6,757	9,323	37,634	693,773

12. FIXED ASSETS (CONTINUATION)

Properties consist of:

	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land Less Than 50 Years RM'000	50 Years Or More RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	50 Years Or More RM'000	Total RM'000
The Bank – 1999							
Cost:							
Balance at July 1, 1998	67,123	316,618	7,852	50,868	43,225	152,855	638,541
Additions	9						9
Transfers	1,429	2,586					4,015
Disposals	(787)	(283)	(150)	(1,392)	(4,403)	(2,210)	(9,225)
Balance at June 30, 1999	67,774	318,921	7,702	49,476	38,822	150,645	633,340
Accumulated Depreciation:							
Balance at July 1, 1998		67,059	1,676	5,312	8,957	25,490	108,494
Charge for the year		6,408	159	484	1,311	2,991	11,353
Transfers	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	(2,181)	-	(2,181)
Balance at June 30, 1999		73,467	1,835	5,796	8,087	28,481	117,666
Net Book Value at June 30, 1999	67,774	245,454	5,867	43,680	30,735	122,164	515,674

The Bank – 1998

Cost:							
Balance at July 1, 1997	52,532	304,802	6,548	45,324	35,266	136,784	581,256
Additions	2,581	964	506	5,055	7,727	7,716	24,549
Transfers	12,355	11,028	798	642	232	8,468	33,523
Disposals	(345)	(176)		(153)	-	(113)	(787)
Balance at June 30, 1998	67,123	316,618	7,852	50,868	43,225	152,855	638,541

12. FIXED ASSETS (CONTINUATION)

	Buildings on		Leasehold Land		Buildings on Leasehold Land		
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years Or More RM'000	Less Than 50 Years RM'000	50 Years Or More RM'000	Total RM'000
The Bank – 1998							
(continuation)							
Accumulated Depreciation:							
Balance at July 1, 1997	–	60,758	1,513	4,828	7,530	22,511	97,140
Charge for the year	–	6,368	163	497	1,427	3,002	11,457
Transfers	–	–	–	–	–	–	–
Eliminated on disposal	–	(67)	–	(13)	–	(23)	(103)
Balance at June 30, 1998	–	67,059	1,676	5,312	8,957	25,490	108,494
Net Book Value at June 30, 1998	67,123	249,559	6,176	45,556	34,268	127,365	530,047
	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in-Progress RM'000	Total RM'000
The Group – 1999							
Cost:							
Balance at July 1, 1998	806,070	452,377	468,636	90,257	50,555	89,055	1,956,950
Additions	2,887	18,146	92,132	2,512	989	83,160	199,826
Subsidiary companies acquired	–	11,183	6,577	387	1,858	(18,299)	20,005
Transfers	4,016	13,285	(7,167)	724	–	–	(7,441)
Disposals/write-offs	(25,600)	(18,055)	(39,957)	(1,929)	(6,623)	(2,411)	(94,575)
Balance at June 30, 1999	787,373	476,936	520,221	91,951	46,779	151,505	2,074,765
Accumulated Depreciation:							
Balance at July 1, 1998	119,318	335,215	402,782	77,892	33,520	–	968,727
Charge for the year	14,535	42,275	44,009	3,870	7,381	–	112,070
Subsidiary companies acquired	–	7,313	6,065	272	1,274	–	14,924
Transfers	(9)	–	(2,775)	–	–	–	(2,784)
Eliminated on disposal/write-off	(2,181)	(14,937)	(35,366)	(1,842)	(6,020)	–	(60,346)
Balance at June 30, 1999	131,663	369,866	414,715	80,192	36,155	–	1,032,591
Net Book Value at June 30, 1999	655,710	107,070	105,506	11,759	10,624	151,505	1,042,174

12. FIXED ASSETS (CONTINUATION)

	Properties RM'000	Office Furniture, Fittings, Equipment & Renovations RM'000	Data Processing Equipment RM'000	Electrical & Security Equipment RM'000	Motor Vehicles RM'000	Buildings-in- Progress RM'000	Total RM'000
The Group – 1998							
Cost:							
Balance at							
July 1, 1997	676,121	409,701	421,396	87,161	43,859	65,045	1,703,283
Additions	97,972	42,946	57,906	3,272	9,730	77,167	288,993
Subsidiary companies acquired	–	8,469	703	–	1,025		10,197
Transfers	33,523	11,002	–	2,375	–	(46,900)	
Disposals/write-offs	(1,546)	(19,741)	(11,369)	(2,551)	(4,059)	(6,257)	(45,523)
Balance at							
June 30, 1998	806,070	452,377	468,636	90,257	50,555	89,055	1,956,950
Accumulated Depreciation:							
Balance at							
July 1, 1997	105,920	305,369	367,692	75,956	28,399	–	883,336
Charge for the year	13,668	42,089	42,863	3,723	7,878	–	110,221
Subsidiary companies acquired	–	6,404	450		1,066	–	7,920
Eliminated on disposal/write-off	(270)	(18,647)	(8,223)	(1,787)	(3,823)	–	(32,750)
Balance at							
June 30, 1998	119,318	335,215	402,782	77,892	33,520	–	968,727
Net Book Value at June 30, 1998	686,752	117,162	65,854	12,365	17,035	89,055	988,223

12. FIXED ASSETS (CONTINUATION)

	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land Less Than 50 Years RM'000	50 Years Or More RM'000	Buildings on Leasehold Land Less Than 50 Years RM'000	50 Years Or More RM'000	Total RM'000
The Group – 1999							
Cost:							
Balance at							
July 1, 1998	85,771	367,482	9,862	59,946	46,819	236,190	806,070
Additions	1,243					1,644	2,887
Transfers	1,430	2,586	(188)	188	(571)	571	4,016
Disposals/write-offs		(602)	(150)	(1,381)	(4,403)	(19,054)	(25,600)
Balance at							
June 30, 1999	88,444	369,466	9,524	58,743	41,845	219,351	787,373
Accumulated							
Depreciation:							
Balance at							
July 1, 1998		72,865	2,024	5,740	9,473	29,216	119,318
Charge for the year	–	7,436	159	605	1,237	5,098	14,535
Transfers	–	–	(8)		–	–	(9)
Eliminated on							
disposal/write-off		–	–		(2,181)	–	(2,181)
Balance at							
June 30, 1999	–	80,301	2,174	6,345	8,529	34,314	131,663
Net Book Value							
at June 30, 1999	88,444	289,165	7,350	52,398	33,316	185,037	655,710

12. FIXED ASSETS (CONTINUATION)

	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land		Buildings on Leasehold Land		Total RM'000
			Less Than 50 Years RM'000	50 Years Or More RM'000	Less Than 50 Years RM'000	50 Years Or More RM'000	
The Group – 1998							
Cost:							
Balance at							
July 1, 1997	71,307	349,438	8,558	52,569	38,860	155,389	676,121
Additions	2,454	7,192	506	7,076	7,727	73,017	97,972
Transfers	12,355	11,028	798	642	232	8,468	33,523
Disposals/write-offs	(345)	(176)	–	(341)	–	(684)	(1,546)
Balance at							
June 30, 1998	85,771	367,482	9,862	59,946	46,819	236,190	806,070
Accumulated Depreciation:							
Balance at							
July 1, 1997	–	65,610	1,828	5,221	7,998	25,263	105,920
Charge for the year		7,322	196	573	1,475	4,102	13,668
Transfers	–	–	–	–	–	–	–
Eliminated on disposal/write-off		(67)	–	(54)	–	(149)	(270)
Balance at							
June 30, 1998	–	72,865	2,024	5,740	9,473	29,216	119,318
Net Book Value at June 30, 1998	85,771	294,617	7,838	54,206	37,346	206,974	686,752

13. DEPOSITS FROM CUSTOMERS

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Demand deposits	10,476,676	8,901,367	10,616,299	9,253,907
Savings deposits	9,240,622	7,825,920	10,629,690	8,770,069
Fixed deposits	37,351,931	32,282,964	53,380,130	45,213,524
Negotiable instruments of deposit	511,850	2,884,100	2,924,890	6,787,090
	37,863,781	35,167,064	56,305,020	52,000,614
	57,581,079	51,894,351	77,551,009	70,024,590

The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:-

Due within six months	31,751,185	27,361,442	48,713,763	42,144,674
Due between six months to one year	5,394,601	6,403,991	6,476,633	7,874,756
Due between one year to three years	649,454	1,362,831	787,966	1,668,042
Due between three years to five years	68,541	38,800	326,608	256,972
Due after five years			50	56,170
	37,863,781	35,167,064	56,305,020	52,000,614

The deposits are sourced from the following customers:-

Business enterprises	26,434,898	18,157,067	34,715,903	25,326,468
Individuals	24,660,184	24,149,536	32,357,258	32,339,078
Others	6,485,997	9,587,748	10,477,848	12,359,044
	57,581,079	51,894,351	77,551,009	70,024,590

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Licensed banks	10,273,696	12,050,736	12,971,340	13,550,987
Licensed finance companies	436,743	1,611,777	914,975	557,546
Other financial institutions	712,935	1,692,910	3,365,935	5,529,446
	11,423,374	15,355,423	17,252,250	19,637,979

15. OTHER LIABILITIES

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Interest payable	595,939	808,191	809,414	1,168,190
Proposed dividends	149,601	49,395	149,601	49,395
Taxation	258,746	778,618	358,109	1,084,092
Deferred taxation (Note 27)			3,403	1,160
General insurance fund	—	—	63,515	60,865
Life assurance fund			416,663	318,848
Provision for commitments and contingencies	3,620	860	3,620	860
Other creditors, provisions and accruals	726,050	298,144	1,659,819	735,505
	1,733,956	1,935,208	3,464,144	3,418,915

Movements in provision for commitments and contingencies are as follows:-

Balance as at July 1	860	—	860	—
Provision made during the year	3,620	860	3,620	860
Amount written back in respect of recoveries	(860)	—	(860)	—
Balance as at June 30	3,620	860	3,620	860

16. SUBORDINATED OBLIGATIONS

	The Bank/The Group	
	1999	1998
	RM'000	RM'000
Subordinated floating rate certificates of deposit due 2004	380,000	412,500
Subordinated notes due 2005	950,000	1,031,250
Subordinated term loan due 2002	300,000	300,000
	1,630,000	1,743,750

The floating rate certificates of deposit (FRCs) are due in March 2004. On each interest payment date falling on and after March 1999, the FRCs will, subject to the prior consent of Bank Negara Malaysia, be redeemable, in whole but not in part, at the option of the Bank. The FRCs will also, subject as aforesaid, be redeemable, in whole but not in part, at the option of the Bank, in the event of certain changes affecting taxation in Malaysia as described under "Terms and Conditions of the FRCs - Redemption and Purchase".

The Notes are due in September 2005. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of changes affecting taxation in Malaysia as described under "Terms and Conditions of the Notes - Optional Redemption upon the Imposition of Taxation".

16. SUBORDINATED OBLIGATIONS (CONTINUATION)

The Term loan is repayable in one lump sum in December 2002.

Interest on the FRCs and Notes are payable semi-annually in arrears in March and September each year whilst interest on the Term loan is payable semi-annually in arrears in June and December each year.

The FRCs, Notes and Term loan will constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions on their issues.

These FRCs, Notes and Term loan qualify as tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

17. SHARE CAPITAL

	The Bank/The Group	
	1999	1998
	RM'000	RM'000
Ordinary shares of RM1each:-		
Authorised –		
Balance as at July 1	4,000,000	2,000,000
Created during the year	–	2,000,000
Balance as at June 30	4,000,000	4,000,000
Issued and fully paid –		
Balance as at July 1	2,286,828	1,143,414
Bonus issue		1,143,414
Shares issued under the Maybank Group Employee Share Option Scheme	21,833	
Balance as at June 30	2,308,661	2,286,828

During the year, the Bank increased its issued and fully paid-up share capital from RM2,286,827,414 to RM2,308,660,414 by the issue of 21,833,200 new ordinary shares of RM1 each to eligible persons who have exercised their options under the Maybank Group Share Option Scheme. 20567,600 of the new ordinary shares were issued at the option price of RM4.42 per share whilst another 1,265,600 new ordinary shares were issued at the option price of RM6.83 per share. The new shares issued rank pari passu in all respects with the then existing shares of the Bank.

In the previous financial year, the Bank made a bonus issue of 1,143,413,707 new ordinary shares of RM1 each on the basis of one share, credited as fully paid, for every one existing share of RM1 each held on June 4, 1998 by way of the capitalisation of RM1,053,641,434 from the Share Premium Account and RM89,772,273 from the Retained Profits of the Bank.

18. RESERVES

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable:-				
Share premium	77,720	—	77,720	—
Statutory reserves	1,977,828	1,774,066	2,475,373	2,254,214
Capital reserve	—	—	15,250	350
Exchange fluctuation reserve	91,611	128,248	125,718	179,746
	2,147,159	1,902,314	2,694,061	2,434,310
Distributable:-				
General reserve	2,711,120	2,546,251	2,978,515	2,785,539
Retained profits	729,824	487,781	1,235,883	900,839
	3,440,944	3,034,032	4,214,398	3,686,378
	5,588,103	4,936,346	6,908,459	6,120,688
Share premium:-				
Balance as at July 1		1,053,641		1,053,641
Capitalisation for bonus issue		(1,053,641)		(1,053,641)
Premium on shares issued under the Maybank Group Employee Share Option Scheme	77,720	—	77,720	—
Balance as at June 30	77,720	—	77,720	—
Statutory reserves:-				
Balance as at July 1	1,774,066	1,709,000	2,254,214	2,178,945
Transfer from profit and loss account	203,762	65,066	209,894	74,933
Exchange difference	—	—	11,265	336
Balance as at June 30	1,977,828	1,774,066	2,475,373	2,254,214
Capital reserve:-				
Balance as at July 1	—	—	350	—
Transfer from profit and loss account	—	—	14,697	350
Accretion arising from issue of new shares in a subsidiary company	—	—	203	—
Balance as at June 30	—	—	15,250	350

18. RESERVES (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Exchange fluctuation reserve:-				
Balance as at July 1	128,248	16,339	179,746	10,797
Exchange difference	(36,637)	111,909	(54,028)	168,949
Balance as at June 30	91,611	128,248	125,718	179,746
General reserve:-				
Balance as at July 1	2,546,251	2,514,527	2,785,539	2,817,892
Transfer from profit and loss account	164,869	31,724	186,642	8,431
Exchange difference			6,334	(7)
Goodwill on consolidation written off				(40,777)
Balance as at June 30	2,711,120	2,546,251	2,978,515	2,785,539

The statutory reserves are maintained in compliance with the requirements of Bank Negara Malaysia and the Central Banks of the respective territories in which the Bank and the Group operate and are not distributable as cash dividends.

The Bank has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of its entire general reserve and retained profits at June 30, 1999.

19. INTEREST INCOME

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Loans and advances	5,132,635	5,640,899	7,598,306	8,371,561
Money at call and deposit placements with financial institutions	1,045,420	2,410,000	1,188,697	2,086,555
Dealing securities	7,376	14,111	128,257	180,356
Investment securities	783,558	924,280	1,238,248	1,414,703
Others		—	40,643	67,972
	6,968,989	8,989,290	10,194,151	12,121,147
Net (amortisation of premiums)/accretion of discounts	(20,023)	(20,468)	12,918	10,238
Net interest suspended	(420,190)	(262,491)	(598,198)	(376,632)
	6,528,776	8,706,331	9,608,871	11,754,753

20. INTERESTEXPENSE

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	966,561	2,407,163	1,682,775	2,864,199
Deposits from other customers	2,954,770	3,040,588	4,243,646	4,479,045
Subordinated floating rate certificates of deposit	26,600	24,137	26,600	24,137
Subordinated notes	67,688	73,477	67,688	73,477
Subordinated term loan	25,500	25,500	25,853	25,500
Others	36,897	85,746	101,907	248,396
	4,078,016	5,656,611	6,148,469	7,714,754

21. NON-INTEREST INCOME**Fee income:-**

Commission	193,752	228,355	206,444	241,286
Service charges and fees	143,243	119,124	180,110	166,909
Guarantee fees	57,011	62,505	64,668	72,521
Underwriting fees	625	607	5,063	7,357
Brokerage income		-	51,749	54,813
Other fee income	47,216	78,976	58,018	89,595
	441,847	489,567	566,052	632,481

Investment income:-

Net (loss)/gain from sale of dealing securities	(1,275)	665	17,019	(2,733)
Net gain from sale of investment securities	101,275	30,974	191,616	42,481
	100,000	31,639	208,635	39,748

Gross dividends from:-

Dealing securities			282	685
Investment securities				
- quoted in Malaysia	2,188	4,708	3,618	4,939
- quoted outside Malaysia		-		13
- unquoted	1,426	2,338	3,738	6,520
Subsidiary companies				
- in Malaysia	21,055	57,452		-
- outside Malaysia	165,272	-		-
Associated companies	1,080	810		-
	191,021	65,308	7,638	12,157
	732,868	586,514	782,325	684,386
Provision for diminution in value of investment securities (net)	15,816	(191,948)	43,466	(263,825)
Non-interest income carried forward	748,684	394,566	825,791	420,561

21. NON-INTEREST INCOME (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-interest income brought forward	748,684	394,566	825,791	420,561
Other income:-				
Foreign exchange profit	132,550	338,066	111,575	340,447
Net premium written		—	127,214	123,485
Rental income	20,238	25,691	12,300	17,069
Gain on disposal of fixed assets	53	3,070	715	3,811
Gain on disposal of foreclosed properties			346	41
Other operating income	11,354	9,131	16,002	9,634
Other non-operating income	8,868	9,026	57,847	57,935
	173,063	384,984	325,999	552,422
	921,747	779,550	1,151,790	972,983

22. OVERHEAD EXPENSES

Personnel costs	557,689	654,488	747,810	825,186
Establishment costs	208,398	209,918	290,219	286,183
Marketing costs	23,702	43,900	54,034	62,927
Administration and general expenses	206,307	208,832	345,400	452,276
	996,096	1,117,138	1,437,463	1,626,572

The above expenditure include the following statutory disclosures:-

Directors' remuneration (Note 25)	2,319	2,565	7,189	6,556
Rental of premises	54,362	34,688	67,996	45,890
Hire of equipment	3,097	4,670	4,767	6,335
Lease of equipment	1,073	292	8,673	3,274
Rental of leasehold land	1,201	1,657	1,428	1,976
Auditors' remuneration				
— current year	2,484	1,803	3,535	2,494
— overprovision in prior years	(45)	—	(45)	
Depreciation of fixed assets (Note 12)	76,476	80,130	112,070	110,221
Fixed assets written off	2,429	7,886	5,541	11,133

23. LOAN LOSS AND PROVISION

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for bad and doubtful debts:-				
- specific (net)	1,337,888	1,711,852	2,046,819	2,449,203
- general	58,193	378,963	71,046	424,472
Bad debts:-				
- written off	5,354	56,459	15,734	61,298
- recovered	(18,357)	(10,381)	(61,844)	(26,642)
	1,383,078	2,136,893	2,071,755	2,908,331
Provision for value impairment on amounts recoverable from Danaharta	192,200	-	199,378	-
Provision for commitments and contingencies (net)	2,760	860	2,760	860
	1,578,038	2,137,753	2,273,893	2,909,191

24. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions and balances with subsidiary companies are as follows:-

	The Bank	
	1999 RM'000	1998 RM'000
Income:-		
Interest on fixed deposits	217,319	290,919
Interest on advances	64,071	485,882
Dividend income	186,327	57,452
Rental of premises	8,456	8,986
Other income	6,524	9,189
	482,697	852,428
Expenditure:-		
Interest on fixed deposits	575	309
Interest on advances	110,185	365,699
Other expenses	6,953	23,205
	117,713	389,213

24. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUATION)

	The Bank	
	1999 RM'000	1998 RM'000
Amount due from:–		
Current accounts and deposits	1,395,247	4,593,044
Short-term advances	393,829	334,850
Interest on deposits	10,979	38,024
	1,800,055	4,965,918
Less: Amounts due to subsidiary companies:–		
Current accounts and deposits	(315,716)	(2,828,799)
Interest on deposits	(867)	(10,790)
	(316,583)	(2,839,589)
	1,483,472	2,126,329
Amount due to:–		
Current accounts and deposits	495,222	1,502,883
Advances	16,653	9,495
Interest on deposits	19,971	21,033
	531,846	1,533,411
Less: Amounts due from subsidiary companies:–		
Current accounts and deposits	(1,515,167)	(1,150,000)
Advances	–	(6,448)
Interest on deposits	(19,971)	(40,768)
	(1,535,138)	(1,197,216)
	(1,003,292)	336,195

25. DIRECTORS' REMUNERATION

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Directors of the Bank:–				
Fees	320	308	625	717
Other remuneration –				
Executive directors	1,594	1,820	1,594	1,820
Non-executive directors	405	437	1,051	576
Carried forward	2,319	2,565	3,270	3,113

Notes To The Accounts - June 30, 1999 (continuation)

25. DIRECTORS' REMUNERATION (CONTINUATION)

	The Bank		The Group	
	1999 RM '000	1998 RM '000	1999 RM'000	1998 RM'000
Brought forward	2,319	2,565	3,270	3,113
Other directors:-				
Fees			300	397
Other remuneration -				
Executive directors		-	3,057	2,787
Non-executive directors		-	562	259
			3,919	3,443
	2,319	2,565	7,189	6,556
Estimated cash value of benefits-in-kind:-				
Directors of the Bank	93	90	93	90
Other directors			202	225
	93	90	295	315

26. TAXATION

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian taxation	53,699	359,937	46,414	428,832
Overseas taxation	5,259	6,261	12,057	16,180
	58,958	366,198	58,471	445,012
Double taxation relief		(3,130)		(3,130)
	58,958	363,068	58,471	441,882
Share of tax in associated companies		-	209	469
	58,958	363,068	58,680	442,351
Transfer to deferred taxation account			2,243	246
	58,958	363,068	60,923	442,597
Overprovision in respect of prior years			(2,234)	(655)
	58,958	363,068	58,689	441,942

Tax on business income for the Bank and the Group for the year ended June 30, 1999 is waived pursuant to the Income Tax (Amendment) Act 1999. As such, no provision has been made for taxation on the current year's business income.

Arising from the waiver, the estimated tax savings are RM251,814,000 for the Bank and RM351,907,000 for the Group respectively. The estimated tax exempt income available for distribution as tax exempt dividends for the Bank is RM899,335,000.

27. DEFERRED TAXATION

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Balance as at July 1			1,160	914
Transfer from taxation account			2,243	246
Balance as at June 30		—	3,403	1,160
The balance on the deferred taxation account represents the tax effect at 28% (1998: 28%) on the following:—				
Lease timing differences			8,568	4,134
Timing differences between depreciation and corresponding capital allowances on fixed assets	—		3,585	8
		—	12,153	4,142

28. DIVIDENDS

	The Bank/The Group	
	1999 RM'000	1998 RM'000
Interim dividend of 3% less 28% income tax (1998: 9% less 28% income tax)	49,512	74,093
Proposed final dividend of 9% less 28% income tax (1998: 6% less 28% income tax)	149,601	49,395
	199,113	123,488

29. EARNINGS PER SHARE

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Earnings per ordinary share are calculated as follows:—				
Basic:				
Net profit for the year after taxation (and minority interest in the case of the Group)	809,787	260,126	969,866	129,608
Weighted average number of shares in issue	2,292,214	2,286,828	2,292,214	2,286,828

29. EARNINGS PER SHARE (CONTINUATION)

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Fully diluted:				
Adjusted net profit for the year after taxation (and minority interest in the case of the Group)	838,775		998,855	–
Adjusted weighted average number of shares in issue	2,370,339	–	2,370,339	–

The adjusted net profit after taxation used in the computation of the fully diluted earnings per share has been arrived at after adding back the notional savings (net of tax) on the cost of borrowings on the assumption that the proceeds from the exercise of share options under the Maybank Group Employee Share Option Scheme (the Scheme) are applied to reduce existing interest-bearing borrowings of the Bank. The adjusted weighted average number of ordinary shares in issue has been arrived at based on the assumption that all share options under the Scheme are exercised on July 1, 1998.

The corresponding amounts of fully diluted earnings per share for the previous financial year are not shown as the circumstances giving rise to potential future dilution under the Scheme did not exist in that year.

30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

30. COMMITMENTS AND CONTINGENCIES (CONTINUATION)

Risk weighted exposures of the Bank and its subsidiary companies as at June 30 are as follows:-

	1999		1998	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
The Bank				
Direct credit substitutes	2,043,513	2,043,513	2,243,222	2,243,222
Certain transactions-related contingent items	2,932,743	1,466,371	3,499,585	1,749,793
Short-term self-liquidating trade-related contingencies	1,776,329	355,266	1,733,367	346,673
Housing loans sold directly and indirectly to Cagamas Berhad	1,561,110	1,561,110	2,703,260	2,703,260
Obligations under underwriting agreements	181,182	90,591	393,196	196,598
Irrevocable commitments to extend credit				
– maturity not exceeding one year	32,910,051	–	29,702,516	–
– maturity exceeding one year	3,406,770	1,703,388	3,988,166	1,994,083
Foreign exchange related contracts				
– less than one year	11,086,824	167,939	17,521,605	933,206
– one year to less than five years	281,516	6,203	2,935,526	87,115
Interest rate related contracts				
– less than one year	952,049	1,889	1,239,268	10,567
– one year to less than five years	434,450	11,684	323,270	16,164
– five years and above	950,000	57,670	1,031,250	61,875
Miscellaneous	2,082,209	–	2,369,704	–
	60,598,746	7,465,624	69,683,935	10,342,556
The Group				
Direct credit substitutes	4,388,637	4,388,637	4,542,550	4,542,550
Certain transaction-related contingent items	2,984,466	1,492,233	3,590,865	1,795,433
Short-term self-liquidating trade-related contingencies	1,779,328	355,865	1,741,302	348,260
Housing loans sold directly and indirectly to Cagamas Berhad	2,708,322	2,708,322	3,872,204	3,872,204
Obligations under underwriting agreements	814,535	407,267	875,431	437,715
Obligations arising out of rediscounting of bankers' acceptances	232,885	9,315	255,967	10,239
Irrevocable commitments to extend credit				
– maturity not exceeding one year	34,562,924	–	32,131,886	–
– maturity exceeding one year	4,853,105	2,426,556	5865,981	2,932,991
Foreign exchange related contracts				
– less than one year	11,086,872	167,954	17,593,298	934,640
– one year to less than five years	452,379	21,581	2,935,526	87,115
– five years and above	–	–	185,477	20,402
Interest rate related contracts				
– less than one year	990,049	4,950	1,239,268	10,567
– one year to less than five years	494,928	12,289	467,495	20,401
– five years and above	950,000	57,670	1,031,250	61,875
Miscellaneous	2,085,429	–	2,369,704	–
	68,383,859	12,052,639	78,698,204	15,074,392

30. COMMITMENTS AND CONTINGENCIES (CONTINUATION)

The Bank and certain subsidiary companies are contingently liable in respect of housing loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudent criteria.

Foreign Exchange and interest rate related contracts are subject to market risk and credit risk.

Foreign exchange and interest rate related contracts are made up as follows:-

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Foreign exchange related contracts				
– forward and futures contracts	10,757,630	19,779,697	10,757,678	19,851,390
– cross-currency interest rate swaps	610,710	677,434	781,573	862,911
Interest rate related contracts				
– forward and futures contracts	236,997	20,812	236,997	20,812
– swaps	2,099,502	2,572,976	2,197,980	2,714,201
	13,704,839	23,050,919	13,974,228	23,449,314

Market risk

Market risk is the potential change in value by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates or market rates or prices.

As at June 30, the amounts of market risk and credit risk are as follows:-

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Market risk				
Amount of contracts which were not hedged and hence, exposed to market risk	85,054	113,710	85,054	113,710
Credit risk				
Amount of credit risk, measured in terms of cost to replace the profitable contracts	40,215	163,976	40,215	163,976

31. CAPITAL AND OTHER COMMITMENTS

- (a) Capital expenditure approved by directors but not provided for in the accounts amounted to:—

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Authorised and contracted for	273,222	49,148	387,792	242,547
Authorised but not contracted for	46,983	209,137	113,483	278,455
	320,205	258,285	501,275	521,002

- (b) Uncalled capital in shares of subsidiary companies

210	210
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- (c) The Bank is committed to lend up to five times the nominal value of its investment in Export Credit Insurance Corporation of Singapore Limited (ECIC) to meet claims arising as part of the export credit insurance business of the company. ECIC may, at its option, convert the whole or any part of any such loans into fully paid shares.

	The Bank/The Group	
	1999 RM'000	1998 RM'000
Maximum commitments in respect of the investment in ECIC	11,167	12,194

32. CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are as follows:—

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Core capital ratio	12.03%	11.21%	10.21%	9.38%
Risk-weighted capital ratio	14.74%	14.47%	14.81%	14.27%

Breakdown of capital base in the various categories of capital:

Tier 1 capital:				
Paid-up share capital	2,308,661	2,286,828	2,308,661	2,286,828
Share premium	77,720		77,720	
Other reserves	5,418,772	4,808,098	6,689,771	5,940,592
Tier 1 minority interest		—	144,704	117,889
Total tier 1 capital	7,805,153	7,094,926	9,220,856	8,345,309

Notes To The Accounts -June 30, 1999 (continuation)

31. CAPITAL ADEQUACY (CONTINUATION)

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Total tier 1 capital brought forward	7,805,153	7,094,926	9,220,856	8,345,309
Tier 2 capital:				
Subordinated obligations	1,434,000	1,683,750	1,434,000	1,683,750
General provisions for bad and doubtful debts	2,070,088	2,026,755	2,727,735	2,670,594
Total tier 2 capital	3,504,088	3,710,505	4,161,735	4,354,344
Total capital	11,309,241	10,805,431	13,382,591	12,699,653
Less: Investment in subsidiary companies	(1,745,221)	(1,650,332)		
Total capital base	9,564,020	9,155,099	13,382,591	12,699,653
Breakdown of risk-weighted assets in the various categories of risk-weights:				
0%	12,885,495	15,750,027	19,085,127	21,542,963
10%	4,026,523	3,949,583	5,106,201	4,729,144
20%	12,523,572	13,830,329	16,535,968	15,864,385
50%	7,977,628	8,098,934	10,541,935	9,731,285
100%	57,969,225	56,026,243	81,213,239	80,391,377
	95,382,443	97,655,116	132,482,470	132,259,154

33. SEGMENT INFORMATION

The analysis of Group operations for the year ended June 30, 1999 are as follows:-

(a) **Analysis by Activity**

1999	Operating revenue RM'000	Profit before taxation RM'000	Assets employed RM'000
Commercial and merchant banking	8,156,435	495,321	90,328,379
Finance company	2,571,101	259,517	21,033,636
Leasing operations	347,247	94,873	4,276,675
Discount house and factoring operations	157,081	52,032	921,639
Insurance	63,663	54,915	526,781
Stocks and futures broking	43,631	54,291	391,419
Others			
	11,339,158	1,010,949	117,478,529

33. SEGMENT INFORMATION (CONTINUATION)**(a) Analysis by Activity (continuation)**

	Operating revenue RM'000	Profit before taxation RM'000	Assets employed RM'000
1998			
Commercial and merchant banking	9,771,027	487,292	87,643,979
Finance company and leasing operations	2,917,367	70,187	22,213,195
Discount house and factoring operations	384,489	43,311	3,487,827
Insurance	117,542	36,982	656,823
Stocks and futures broking	86,982	(54,979)	227,227
Others	16,206	(29,508)	285,118
	13,293,613	553,285	114,514,169

(b) Analysis by Geographical Location**1999**

Malaysia	9,734,055	831,589	99589,805
Singapore	980,458	289,720	12,469,417
Other locations	624,645	(110,360)	5,419,307
	11,339,158	1,010,949	117,478,529

1998

Malaysia	11,281,580	653,907	95,191,806
Singapore	1,326,359	614	13,425,887
Other locations	685,674	(101,236)	5,896,476
	13,293,613	553,285	114,514,169

34. SIGNIFICANT EVENTS DURING THE YEAR**(a) Merger of Operations of MFSL Limited**

On May 28, 1999, the operations of MFSL Limited (formerly known as Mayban Finance (Singapore) Limited) were merged with the Singapore operations of the Bank. With the merger, the Singapore operations of the Bank have taken over all the assets, liabilities and businesses of MFSL Limited. This has enlarged the capital base of the merged entity that will support a number of important strategic goals of the Bank in Singapore. The merger will also increase the range of services and convenience which the Bank intends to offer to its customers in Singapore.

34. SIGNIFICANT EVENTS DURING THE YEAR (CONTINUATION)

(b) Acquisition of Amanah Finance Malaysia Berhad

On July 31, 1998, Mayban Finance Berhad (MFB), a wholly-owned subsidiary company of the Bank, entered into a sale and purchase agreement with Amanah Capital Partners Berhad (ACPB) to acquired the entire issued and paid-up share capital of Amanah Finance Malaysia Berhad (AFMB) for a cash consideration of RM48 million. Under the terms of the acquisition, all the assets and liabilities of AFMB will be taken over by MFB pursuant to a vesting order under Section 50(1) of the Banking and Financial Institution Act, 1989.

Subsequent to the balance sheet date, MFB received the vesting order from the High Court of Malaya on July 31, 1999 and the assets and liabilities of AFMB were vested in MFB on August 3, 1999.

(c) Proposed Acquisition of UMBC Insurans Berhad

On May 17, 1999, Mayban Assurance Berhad (MAB), a subsidiary company of the Bank, entered into a conditional sale and purchase agreement with Sime Bank Berhad (SBB) to acquire a 77.24% stake in UMBC Insurans Berhad (UMBCI) comprising 37,075,681 ordinary shares of RM1 each for a consideration not exceeding RM108,137,403. The proposed acquisition is conditional upon:-

- (i) approvals of the Foreign Investment Committee and the Securities Commission;
- (ii) MAB obtaining at least 90% equity interest in UMBCI; and
- (iii) approval of the Monetary Authority of Singapore for the transfer of the branch license in Singapore held by UMBCI to MAB.

Upon obtaining 90% equity interest in UMBCI, MAB will make a mandatory general offer to acquire the remaining shares not already owned by MAB. The total consideration for the entire issued and paid-up share capital of UMBCI shall not exceed RM140 million.

Subsequent to the balance sheet date, MAB entered into conditional sale and purchase agreements with two minority shareholders of UMBCI to acquire 5422,800 ordinary shares representing 11.30% of the equity for a consideration not exceeding RM1 5816,500.

35. EVENTS SUBSEQUENTTO BALANCE SHEET DATE

On August 3, 1999, the Bank was granted approval by Bank Negara Malaysia to commence negotiations with the following parties with the view to merging the operations of the respective financial institutions with the Group:-

Commercial Banking Business –

- (a) EON Bank Berhad; and
- (b) The Pacific Bank Berhad.

Finance Company Business –

- (a) Delta Finance Berhad;
- (b) EON Finance Berhad;
- (c) Kewangan Bersatu Berhad; and
- (d) Sime Finance Berhad.

Merchant Banking Business –

- (a) Amanah Merchant Bank Berhad; and
- (b) Malaysian International Merchant Bankers Berhad

The proposed acquisition/mergers will be subject to the approval of the relevant authorities and the respective shareholders of the Bank and the vendors at the respective financial institutions' extraordinary general meetings.

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI)**BALANCE SHEETS AS AT JUNE 30, 1999**

		The Bank		The Group	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
ASSETS					
Cash and short-term funds	(a)	1,480,219	64	1,826,974	145
Deposits and placements with financial institutions	(b)		21,078	25,050	21,078
Dealing securities	(c)		—	187,675	—
Investment securities	(d)	368,187	75,593	675,336	79,867
Loans and advances	(e)	1,813,789	1,555,819	2,500,036	2,118,035
Other assets	(f)	81,558	9,831	287,650	15,201
		3,743,753	1,662,385	5,502,721	2,234,326
LIABILITIES					
Deposits from customers	(g)	2,164,053	865,416	2,892,506	1,206,459
Deposits and placements of banks and other financial institutions	(h)	1,434,410	361,337	2,430,340	573,530
Obligations on securities sold under repurchased agreements		5,100		5,100	
Bills and acceptances payable		654	213,937	654	213,937
Other liabilities	(i)	27,676	165,205	51,288	174,668
		3,631,893	1,605,895	5,379,888	2,168,594
Islamic banking fund	(j)	111,860	56,490	122,833	65,732
		3,743,753	1,662,385	5,502,721	2,234,326
COMMITMENTS AND CONTINGENCIES	(n)	483,774	284,459	565,414	672,243
PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999					
Income	(k)	70,372	48,815	107,857	73,572
Loan loss and provision	(l)	(13,430)	(7,421)	(53,993)	(31,906)
Net income		56,942	41,394	53,864	41,666
Overhead expenses	(m)	(1,358)	(1,434)	(6,549)	(1,445)
Profit before taxation and zakat		55,584	39,960	47,315	40,221
Taxation and zakat		(214)	(15,636)	(214)	(18,036)
Profit after taxation and zakat		55,370	24,324	47,101	22,185
Retained profits brought forward		46,490	22,166	52,732	30,547
Retained profits carried forward	(j)	101,860	46,490	99,833	52,732

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)

NOTES TO THE OPERATION OF SPI

(a) CASH AND SHORT-TERM FUNDS

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Cash and balances with banks and other financial institutions	1,480,219	64	1,826,974	145

**(b) DEPOSITS AND PLACEMENTS
WITH FINANCIAL INSTITUTIONS**

Other financial institutions		21,078	25,050	21,078
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(c) DEALING SECURITIES

Islamic accepted bills		–	187,675	–
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(d) INVESTMENT SECURITIES

Money market instruments:–

Unquoted:–

Malaysian government investment issues	86,031	2,641	183,957	6,915
Islamic debt securities	136,526	8,952	277,044	8,952
Islamic accepted bills	97,630	–	124,616	–
	320,187	11,593	585,617	15,867

Quoted:–

Cagamas Mudharabah bonds	48,000	64,000	48,000	64,000
	368,187	75,593	633,617	79,867

Unquoted securities:–

Commercial bills, bonds and notes		–	43,730	–
	368,187	75,593	677,347	79,867

Amortisation of premiums less accretion of discounts			1,867	–
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	368,187	75,593	679,214	79,867
Provision for diminution in value of Islamic debt securities			(3,878)	

	368,187	75,593	675,336	79,867
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36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)**(d) INVESTMENT SECURITIES (CONTINUATION)**

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Market value of quoted money market instruments:-				
Cagamas Mudharabah bonds	48,000	64,000	48,000	64,000
The maturity structure of money market instruments held for investment are as follows:-				
Maturing within one year	97,630	27,593	272,920	31,867
Maturing between one year to three years	270,557	48,000	368,482	48,000
Maturing between three years to five years		-	33,934	-
	368,187	75,593	675,336	79,867

(e) LOANS AND ADVANCES

Overdrafts	187,945	296,294	187,945	296,294
Term financing	1,886,784	1,538,650	2,466,646	1,608,651
Trust receipts	35,297	22,644	134,225	131,366
Hire purchase receivables		-	451,225	304,035
Other financing	608,466	337,976	757,993	884,633
	2,718,492	2,195,564	3,998,034	3,224,979
Unearned income	(872,056)	(622,762)	(1,380,793)	(1,066,273)
Gross loans and advances	1,846,436	1,572,802	2,617,241	2,158,706
Provision for bad and doubtful debts				
- specific	(13,285)	(6,854)	(59,770)	(17,765)
- general	(17,060)	(10,060)	(38,903)	(19,860)
Income-in-suspense	(2,302)	(69)	(18,532)	(3,046)
Net loans and advances	1,813,789	1,555,819	2,500,036	2,118,035
Loans and advances analysed by concepts are as follows:-				
Al-Bai' Bithaman Ajil	1,203,949	1,256,742	1,370,517	1,351,633
Al-Ijarah			342,270	247,674
Al-Murabahah	628,898	145,068	628,898	145,068
Other principles	13,589	170,992	275,556	414,331
	1,846,436	1,572,802	2,617,241	2,158,706

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)**(e) LOANS AND ADVANCES
(CONTINUATION)**

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Loans and advances analysed by their economic purposes are as follows:-				
Agriculture	42,483	38,348	46,936	38,348
Manufacturing	343,002	316,864	362,266	326,643
Electricity, gas and water	58,564	2,708	71,294	3,053
Construction	216,785	180,639	224,340	183,745
Real estate	24,638	5,484	25,062	5,484
Purchase of landed property	408,467	288,161	645,037	473,184
(of which: Residential	339,713	233,882	454,286	328,773
Non-Residential)	68,754	54,279	190,751	144,411
General commerce	217,395	230,300	225,053	230,468
Transport, storage and communication	194,454	142,550	203,829	143,177
Finance, insurance and business service	57,993	98,442	121,678	152,395
Purchase of securities	243,740	162,646	310,878	232,690
Purchase of transport vehicles		-	341,418	247,674
Consumption credit	33,820	25,871	34,245	40,803
Others	5,095	80,789	5,205	81,042
	1,846,436	1,572,802	2,617,241	2,158,706

The maturity structure of loans and advances are as follows:-

Maturing within one year	499,523	413,659	515,154	419,465
Maturing between one year to three years	206,952	247,579	293,898	303,174
Maturing between three years to five years	49,857	139,136	259,583	303,014
Maturing after five years	1,090,104	772,428	1,548,606	1,133,053
	1,846,436	1,572,802	2,617,241	2,158,706

Movements in the non-performing loans (including income receivable) are as follows:-

Balance at July 1	13,445	1,934	84,405	1,934
Classified during the year	25,230	11,511	190,064	101,885
Non-performing loans of a subsidiary company acquired			46,006	
Amount recovered/regularised during the year			(83,487)	(13,943)
Amount written off		-	(4,685)	(5,471)
Balance at June 30	38,675	13,445	232,303	84,405

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)
**(e) LOANS AND ADVANCES
(CONTINUATION)**

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Movements in the provision for bad and doubtful debts and income-in-suspense accounts are as follows:-				
Specific Provision				
Balance at July 1	6,854	493	17,765	493
Provisions made during the year	10,878	6,648	71,841	29,868
Specific provision of a subsidiary company acquired			7,760	-
Amount written back in respect of recoveries	(4,447)	(287)	(33,083)	(7,249)
Amount written off		-	(4,513)	(5,347)
Balance at June 30	13,285	6,854	59,770	17,765
General Provision				
Balance at July 1	10,060	9,000	19,860	10,600
Provisions made during the year	7,000	1,060	17,711	9,260
General provision of a subsidiary company acquired			1,332	
Balance at June 30	17,060	10,060	38,903	19,860
Income-In-Suspense				
Balance at July 1	69	19	3,046	19
Provisions made during the year	3,162	51	20,695	5,292
Income-in-suspense of a subsidiary company acquired	-	-	959	-
Amount written back in respect of recoveries	(929)	(1)	(5,905)	(2,062)
Amount written off			(263)	(203)
Balance at June 30	2,302	69	18,532	3,046
(f) OTHERASSETS				
Other debtors, deposits and prepayments	81,558	9,831	287,650	15,201

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)**(g) DEPOSITS FROM CUSTOMERS**

	The Bank		The Group	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Demand deposits	472,502	354,281	472,502	354,281
Savings deposits	268,100	161,388	315,732	204,367
General investment deposits	1,379,406	273,352	1,937,112	464,892
Special investment deposits	44,045	76,395	167,160	182,919
	1,423,451	349,747	2,104,272	647,811
	2,164,053	865,416	2,892,506	1,206,459

The maturity structure of investment deposits are as follows:-

Due within six months	1,274,936	313,966	1,904,247	551,199
Due between six months to one year	134,910	33,104	174,470	69,800
Maturing between one year to three years	13,605	2,677	22,566	7,282
Maturing between three years to five years		—	2,989	19,530
	1,423,451	349,747	2,104,272	647,811

The deposits are sourced from the following customers:-

Business enterprises	546,174	180,831	896,182	315,538
Individuals	665,101	245,366	820,129	341,398
Others	952,778	439,219	1,176,195	549,523
	2,164,053	865,416	2,892,506	1,206,459

(h) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Licensed banks	926,602	161,337	1,230,320	336,387
Licensed finance companies	500,990	200,000	593,738	100,000
Other financial institutions	6,818	—	606,282	137,143
	1,434,410	361,337	2,430,340	573,530

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)**(i) OTHER LIABILITIES**

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Other liabilities	27,676	165,205	51,288	174,668

(j) ISLAMIC BANKING FUND

Funds allocated from Head Office	10,000	10,000	23,000	13,000
Retained profits	101,860	46,490	99,833	52,732
	111,860	56,490	122,833	65,732

(k) INCOME FROM THE OPERATION OF SPI

Income derived from investment of depositors' funds	185,292	112,225	268,365	170,215
Income attributable to depositors				
- Other customers	(51,284)	(35,486)	(82,445)	(54,147)
- Bank and financial institutions	(60,915)	(29,425)	(73,967)	(44,165)
Income attributable to the Bank/Group	73,093	47,314	111,953	71,903
Other SPI income	3,043	2,985	1,302	3,153
Other SPI expenses	(5,764)	(1,484)	(5,398)	(1,484)
	70,372	48,815	107,857	73,572

Details of the income derived from
Investment of depositors' funds and
funds allocated from Head Office
are as follows:-

	The Bank		The Group	
1999	Depositors' Funds	IBF	Depositors' Funds	IBF
	RM'000	RM'000	RM'000	RM'000
Income from financing	169,510		251,385	
Investment income:-				
Gain from sale of investment securities	15,500		16,482	40
Gross dividends from investment securities			4,094	
Fee income:-				
Commission		2,303		800
Service charges and fees	275	740	275	740
Other fee income	7	-	7	10
Other non-operating income				77
Provision for diminution in value of investment securities			(3,878)	
	185,292	3,043	268,365	1,667

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)

	The Bank		The Group	
	Depositors' Funds	IBF	Depositors' Funds	IBF
	RM'000	RM'000	RM'000	RM'000
1998				
Income from financing	107,962	—	145,266	—
Investment income:-				
Gains from sale of investment securities	4,004	—	4,211	71
Gross dividends from investment securities	—	—	20,479	—
Fee income:-				
Commission	—	2,733	—	2,733
Service charges and fees	258	252	258	252
Other fee income	1	—	1	53
Other non-operating income	—	—	—	44
	112,225	2,985	170,215	3,153

(l) LOAN LOSS AND PROVISION

	The Bank		The Group	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Provision for bad and doubtful debts:-				
- specific (net)	6,430	6,361	39,714	22,619
- general	7,000	1,060	16,037	9,260
Bad debts written off		—	(1,758)	27
	13,430	7,421	53,993	31,906

(m) OVERHEAD EXPENSES

Personnel costs	1,022	865	1,022	865
Establishment costs	170	169	170	169
Marketing costs	101	357	101	357
Administration and general expenses	65	43	5,256	54
	1,358	1,434	6,549	1,445

36. THE OPERATION OF ISLAMIC BANKING SCHEME (SPI) (CONTINUATION)

(n) COMMITMENT AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary company make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposure of the Bank and its subsidiary company as at June 30 are as follows:-

	1999		1998	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
The Bank				
Direct credit substitutes	4,687	4,687	7,714	7,714
Certain transaction-related contingent items	31,522	15,761	45,870	22,935
Short-term self-liquidating trade-related contingencies	24,451	4,890	17,118	3,424
Housing loans sold directly and indirectly to Cagamas Berhad	68,096	68,096	70,000	70,000
Irrevocable commitments to extend credit				
– maturing within one year	171,803		78,634	–
– maturing after one year	80,881	40,441	65,123	32,561
Miscellaneous commitments and contingencies	102,334		–	–
	483,774	133,875	284,459	136,634
The Group				
Direct credit substitutes	4,687	4,687	7,714	7,714
Certain transaction- related contingent items	31,522	15,761	45,870	22,935
Short-term self-liquidating trade-related contingencies	24,451	4,890	17,118	3,424
Housing loans sold directly and indirectly to Cagamas Berhad	68,096	68,096	70,000	70,000
Irrevocable commitments to extend credit				
– maturing within one year	217,461		429,407	–
– maturing after one year	116,863	58,431	102,134	51,067
Miscellaneous commitments and contingencies	102,334			
	565,414	151,865	672,243	155,140

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation,

Statement By Directors

We, DATO' MOHAMED BASIR BIN AHMAD and AMIRSHAM A. AZIZ, being two of the directors of MALAYAN BANKING BERHAD, state that in the opinion of the directors, the accounts set out on pages 48 to 103 are drawn up in accordance with the applicable approved Malaysian accounting standards so as to give a true and fair view of the state of affairs of the Bank and of the Group as at June 30, 1999 and of their results and cash flows of the Group for the year ended on that date.

On behalf of the Board,



DATO' MOHAMED BASIR BIN AHMAD
Chairman



AMIRSHAM A. AZIZ
Managing Director

Kuala Lumpur
September 22, 1999

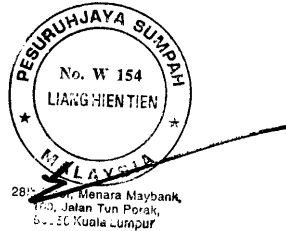
Statutory Declaration

I, MOHD. SALLEH BIN HJ. HARUN, the director primarily responsible for the financial management of MALAYAN BANKING BERHAD, do solemnly and sincerely declare that the accounts set out on pages 48 to 103 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the)
abovenamed MOHD. SALLEH BIN HJ. HARUN)
at Kuala Lumpur in the Federal Territory)
on September 22, 1999)



MOHD. SALLEH BIN HJ. HARUN



LIEN HIEN TIEN
Commissioner for Oaths

Report Of The Auditors To The Members Of Malayan Banking Berhad

We have audited the accounts as set out on pages 48 to 103. These accounts are the responsibility of the directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounts are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts have been properly drawn up in accordance with the applicable approved Malaysian accounting standards and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Bank and of the Group as at June 30, 1999 and of their results and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records that the registers required by the Act to be kept by the Bank and its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' report of all the subsidiary companies for which we have not acted as auditors, being accounts that are included in the Group accounts and which are as indicated in Note 9 to the accounts.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Bank's accounts are in form and content appropriate and proper for the purposes of the preparation of the Group accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the accounts of the subsidiary companies do not contain any qualification or any comments made under subsection (3) of section 174 of the Act.



SALLEH, LEONG, AZLAN & CO.
AF: 0010
Public Accountants



RAJA **NAZUDDIN** BIN RAJA MOHD. **NORDIN** ALHAJ
666/3/01 (J/PH)
Partner of the Firm

Kuala Lumpur,
September 22, 1999

Form of Proxy for The 39th Annual General Meeting

I/We

(FULL NAME IN CAPITAL)

of

(FULL ADDRESS)

being a Member/Members of Malayan Banking Berhad (3813-K), hereby appoint

(FULL NAME IN CAPITAL)

of

(ADDRESS)

or failing him/her

(FULL NAME IN CAPITAL)

of

(ADDRESS)

as my/our proxy to vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on Saturday, October 30, 1999 at 11 .00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

Resolution No.	Resolution	For	Against
1	Receive the Reports and Accounts		
2	Declaration of Final Dividend		
3	Re-election of Dato' Mohamed Basir bin Ahmad		
4	Re-election of Haji Mohd Hashir bin Haji Abdullah		
5	Re-election of Dato' Mohd Salleh bin Hj. Harun		
6	Re-appointment of Dato' Richard Ho Ung Hun		
7	Re-appointment of Messrs Salleh, Leong, Azlan & Co as Auditors		
8	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

Dated this day of 1999

Number of Shares held	
Telephone No.	

Signature of Shareholder

Notes:

- 1 A Member entitled to attend and vote at the 39th AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote Instead of him A proxy shall be a Member of the Company, an Advocate, an approved Company Auditor or a person approved by the Registrar of Companies
- 2 Form of Proxy of a corporation shall be given under its Common Seal
- 3 Fully completed Form of Proxy must be deposited at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM
- 4 For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate
- 5 For scripless, only members registered in the Record of Depositors on or before 12 30 p m on October 27, 1999 shall be eligible to attend the AGM

Stamp

Corporate Services Department
Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
